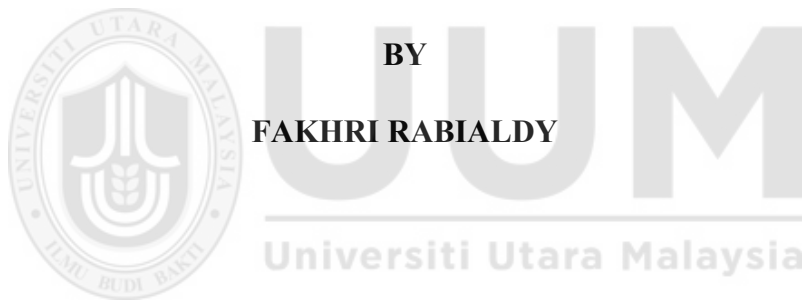


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**THE RELATIONSHIP BETWEEN HUMAN CAPITAL AND
ORGANIZATIONAL PERFORMANCE: EMPIRICAL STUDY AT
COOPERATIVE IN PEKANBARU CITY, RIAU PROVINCE
INDONESIA**



BY

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MASTER OF HUMAN RESOURCE MANAGEMENT

UNIVERSITI UTARA MALAYSIA

APRIL 2019

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BY
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UUM
Universiti Utara Malaysia

Thesis Submitted To
School Of Business Management
Universiti Utara Malaysia
In Fulfillment Of The Requirement For Master Of Human Resource
Management



**Pusat Pengajian Pengurusan
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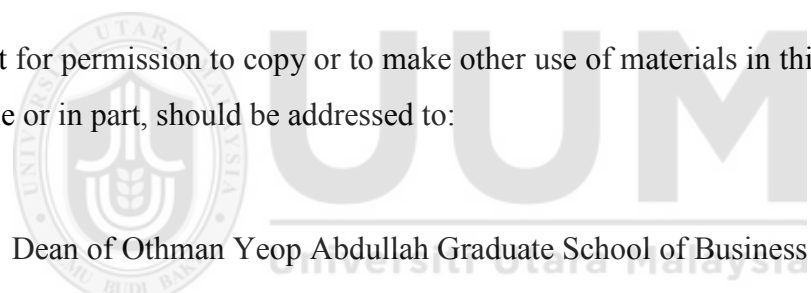
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Acknowledgment



In the Name of Allah, the Most Gracious and the Most Merciful

In the name of Allah SWT, who created the heavens, the earth and everything in them and that has given me a long life until this task is completed. I do not forget to say allahumasalialamuhamad to Prophet Muhammad SAW.

There are many people to whom I would like to express my appreciation, mainly to my supervisor, Associate Prof. Dr. Mohd Faizal bin Mohd Isa, who guided me throughout in completing this dissertation, enhance more knowledge on course and was available to give me advice whenever needed. I believe if I did not meet him, then I will have difficulties in studying at this beautiful campus. And special thanks to my parents for always praying for me, supporting me and giving me the opportunity to study in Universiti Utara Malaysia.

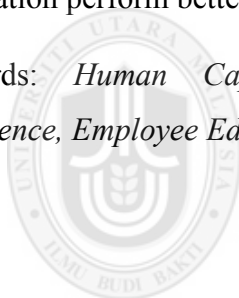
Next, I would like to thank my sisters for always supporting me in terms of advice on what she has given me. Also, many thanks to all lecturers and friends who gave a lot of academic and life-related knowledge, information, skill, experience, and others. I am grateful for the support of all those mentioned above.

Thank you,

Abstract

This study examined the relationship between human capital's dimensions to organizational performance specifically at cooperatives in Pekanbaru City, Riau Province of Indonesia. Human capital consists of three dimensions, namely, employee education, employee skills, and work experience. 118 questionnaires were distributed to the cooperative's board through direct and online method, however, only 100 questionnaires or 84.7% received and used for further analyses. All data were analyzed using SPSS version 24. Finding of the study indicated employee competence has a positive and significant relation with organizational performance. The study suggested that the government should enhance their participation in cooperatives, that includes conducting more training and seminars related to business development. Beside that provide more cooperative's officer to assist the cooperatives in order to make this organization perform better.

Keywords: *Human Capital, Organizational Performance, Employee Competence, Employee Education, Employee Working Experience*



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Abstrak

Kajian ini mengkaji hubungan antara dimensi modal insan dengan prestasi organisasi khususnya di koperasi di Kota Pekanbaru, Provinsi Riau, Indonesia. Modal manusia terdiri daripada tiga dimensi, iaitu pendidikan pekerja, kemahiran pekerja, dan pengalaman kerja. Sebanyak, 118 soal selidik telah diedarkan kepada lembaga koperasi melalui kaedah secara terus dan dalam talian. Walau bagaimanapun 100 soal selidik atau 84.7% yang diterima dan digunakan untuk analisis. Semua data dianalisis dengan menggunakan SPSS versi 24. Hasil kajian menunjukkan kemahiran pekerja mempunyai hubungan positif dan signifikan dengan prestasi organisasi. Kajian ini mencadangkan supaya kerajaan meningkatkan penyertaan mereka dalam koperasi ini termasuk menyediakan lebih banyak latihan dan seminar yang berkaitan dengan pembangunan perniagaan, selain itu perlu menyediakan lebih ramai pegawai koperasi untuk membantu koperasi- koperasi untuk meningkatkan prestasi koperasi yang lebih baik.

Kata kunci: *Modal Insan, Prestasi Organisasi, Kecekapan Pekerja, Pendidikan Pekerja, Pengalaman Bekerja Pekerja*

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Chapter 1. Introduction

1.0 Introduction

According to Karl, Peluchette, Hall-Indiana, and Harland (2005), an organization can be divided into three categories; public organization, non-profit organization and private or profit organization. Private organizations focus on profit-driven performance, meanwhile, public organizations generally prioritize on an intangible non-financial performance like efficiency and the outcomes of service (Majid, Samad, Tazilah, & Hanaysha, 2017). However, the performance of every organization is very important and the objectives for them is to improve the performance in order to achieve the goals (Hamid, Maheen, Cheem, & Yaseen, 2017).

Basically, the term of performance is related on doing a job, or as result achieved of their work and also defined as the outcomes of work because they provide the strongest linkage to the strategic goals of an organization, customer satisfaction and economic contributions (Salem, 2003). On the hand Ratna, Khanna, Jogishwar, Khattar, and Agarwal (2014) mentioned that organizational performance involves the repeated activities to establish organizational goals, managing and controlling towards the goals, and make some modifications to achieve those goals to be more effective and efficient.

Besides that, organizational performance is a comprehensive index reflecting the degree of realizing goals set previously (Wang, Shieh, & Wang, 2008). In addition, organizational performance includes actual productivity or outcome of a business designed contrary to its intended productivity or goals and objectives (Suhag,

Solangi, Larik, Lakho, & Tagar, 2017). Therefore, the objective of every organization is to improve productivity may achieve organizational goals.

According to Mayo (2000), one of an accurate method to measure the performance of an organization is a via financial perspective but human resources with all knowledge, ideas, and innovations that they have are the foundation of the driving value of these finances itself. Furthermore, in order to enhance organization' profit and to sustain the business, the core competencies, skills of management, qualification, and abilities of management were important components of capital (Hamid et al., 2017). In addition, Ayanda and Danlami (2011) suggested by having the right employees at the right place and at the right time is of utmost importance for any organization's survival and success. Skilled employees and the capabilities of the organization in controlling its resources to be more efficient and effective is a foundation for the success of the performance and organization (Osei & Ackah, 2015). The value of individuals or employees in the organization whose values are suitable to the organizational values will have more success and ability to reach the goals of the organization (Zlate & Enache, 2015).

In addition, the term of performance is important not only for the organization but also for the country. It does not solely focus on the organization's successfulness rather leads to how big the contribution towards the economic growth of a country specifically on the Gross Domestic Product (GDP). On the other hand, Agusalim, Karim, and Yaddarabullah (2018) stated that private owned enterprises are the first profit organization in Indonesia that has a high contribution to GDP and followed by state-owned enterprises. Meanwhile, other organization which is cooperatives

in the last position where contributed to the gross domestic product of the country with less than 5%. It shows that the performance of cooperatives is poor than other types of organization. Thus, as stated in the study of Azzahra (2018) to get better result of performance, the organizations specifically cooperatives need to acts towards a positive effort and conduct business activities well.

1.1 Background of The Study

Referred to law of the Republic No. 25 of 1992, a cooperative defined as a member-owned business or corporation which established all its business activities based on cooperative principles outright economic development in a society that based on the fraternity. Cooperatives are the most sustainable organization when the economic crisis hits the country and have been existed for 200 years. Even cooperative always contributes as an organization that has an important role mainly in developed countries (Zamagni, 2012), but the condition with Indonesian cooperatives is totally different.

Indeed, the cooperative is one of the formal sector economic actors, other than to State-Owned Enterprises (BUMN), and Private Owned Enterprises (BUMS) which equally play important role in encouraging economic development in Indonesia (Agusalim et al., 2018). The variety of institutional forms made it smooth to find this organization in many economic or economic sectors (Juga & Juntunen, 2018). There is no different cooperative with any other business or organization which needs to have an available idea and strive to maintain its competitive edge (Puusa, Hokkila, & Varis, 2016). The main objective of this organization in Indonesia is to

advance the social welfare, specifically to members and society as well to participate in national economy developments in order to create a progressive and prosperous society based on Pancasila and the 1945 Constitution (Triyono, 2007).

Basically, cooperatives have two characteristics namely; mission-driven organization and human capital - intensive (Bontis, Ciambotti, Palazzi, & Sgro, 2018). On the other hand, Puusa, Mönkkönen and Varis (2013 cited in Puusa et al., 2016), the cooperative mission that distinguishes cooperatives from other profit organizations such as cooperatives is not intended in maximizing profit but aim to produce member's benefits on the goods and services markets, increasing economic well - being and promoting good living standards for members. It also suggested in Triyono (2007) study, to provide some benefits to their member and customer is one of the functions and goals of the cooperative.

Furthermore, the performance of the cooperative is different compared to other profit organization as suggested by Corrigan and Rixon (2017), the performance of cooperative activities such as, any acting that serves to interact with and influence other members and the performance of the cooperative involves the management's efforts to persuade others (and themselves) that calculated metrics provide real knowledge of what is a main for the organization. Interestingly, in Indonesian Law under the ministry of cooperative and small medium enterprises law number: 14/Per/M.KUKM/XII/2009 stated, there are seven items were used to measure an effective cooperative, which are:

- a) Conditions of the organization,
- b) Management,

- c) Capital,
- d) Efficiency,
- e) Liquidity,
- f) Independence and Growth, and
- g) The cooperative identity

However, genuinely regulations provided by the government were incapable to enhance the awareness of the cooperatives and organization is still unable to provide satisfactory results to the government. As evidence, there are a lot of non-active cooperatives in Indonesia. One of the reasons is due to failure in conducting the annual meeting and submit an annual report within 3 years. Based on the website (Koperasi, 2018) which is stated that non-active cooperatives need to submit the annual report to the service office based on the area located. These activities as one of the performance assessments for each cooperative in Indonesia. According to table 1.1 below, the total number of cooperatives has increased from 150,000 units to 200,000 from 2013 to 2017. In Indonesia, the total number of cooperatives has grown rapidly is around 0.33 percent. These units of numbers include cooperative active and non-active members. The active cooperative means the organization was registered under government and act according to the existing rules. Whereas the non-active cooperatives mean that the organization unattended the existing rules but were registered with the government.

Furthermore, based on data obtained from Badan Pusat Statistik Indonesia (2018), the total number of active cooperatives in 2017 was 0.07 percent higher than in 2013. However, the data showed only 0.033 increases in active cooperatives

between 2016 and 2017. The total number of active and non-active is significantly different. The main reason is due to government's needs to shut down some of the cooperatives every year (non-active cooperative) because they were unable to run the business under the existing rule. It becomes an issue for Indonesian cooperatives.

Table 1.1. Total number of cooperative 2013-2017

Year	The Total Number Active and Un-active	The Total Number of Active Cooperatives	Contribution to GDP
2013	150.000 units	143.117 Units	
2014	168.000 units	147.249 Units	1,71 %
2015	209.000 Units	150.223 Units	4,41%
2016	212.135 units	148.220 Units	3.99 %
2017	200.000 Units	153.171 Units	4.48 %

Source; <http://nik.depko.go.id/>, and www.bps.go.id

In addition, the cooperative's performance will contribute to the country's GDP, then cooperatives must be able to perform better to assist the country's economic development. The weak and poor performance of cooperatives may result in a small percentage of contribution to the country's GDP. Based on the above statement, management and the government must be able to participate more in the development of cooperatives in order to create a cooperative's performance is much better than before.

1.2 Problem Statement

1.2.1 Practical Problem

As showed in table 1.1, this organization had different percentage in contributing to the economic development of the country. This organization contributed with less than 5% in 5years. Referred to table 1.1, the contribution of cooperative to GDP in 2014 to 2015 significantly increased by 2.29%. There is a drastic fall in 2016, as the contribution is at 0.415%. In the meantime, cooperative's contribution to GDP was gained in the year 2017 at 4.48% which considered as the highest contribution to the nation compared to year 2015 which was at 4.4%. Based on above discussion (refer table 1.1) it expresses that the performance of cooperative was inconsistent as well on the result delivered on contribution towards GDP in Indonesia. Other than that, Indonesia's growing number of cooperative units should be supposed to be helpful in reducing the number of unemployment as well provide a high contribution to the nation but it does not occur in this country. As a consequence, it becomes a serious issue for the government and economist of Indonesia, and they need to be aware of it to solve this problem.

Additionally, table 1.1 also showed inconsistent on the number of active cooperatives. As stated previously, one of the reasons is because the government had to shut down some cooperatives due to unable to conduct an annual meeting and submit their annual report to the government within 3 years. With regard to cooperative problem, researcher has two possible reasons that may issues occurred that are an internal and external factor. Internal factor referred to issues derived due to the organizations resources itself, while external factor focuses on issues derived from the third parties, such as government.

Furthermore, human capital is an intangible resource that plays a role in an organization's performance. As stated in the study Njotoprajitno (2011), the high quality of human capital will have an impact on the cooperative's management quality and will be able to foster cooperative development by itself. In addition, the government also play a role in influencing cooperative's performance. Ardiana, Brahmayanti, and Subaedi (2010) stated many programs were implemented by the government to enhance the cooperative's performance, but it is not extensive enough in practice. Internal and external factors can be concluded to cause the cooperative's performance to be good or poor.

1.2.2 Research Gap

According to Crook, Todd, Combs, Woehr, and Ketchen (2011), maximizing the impact and effectiveness of human capital in organizations is one of the cornerstones of the industrial and organic psychology investigation. Such maximization is commonly believed to benefit individuals as well as the organizations they work in. In the author's study, human capital is associated with organization performance, however, it was found not to be directly related and were influenced by a competitive strategic factor. A previous study by Tessema (2014), in the strategic way of creating competitive advantages, human capital plays an important role. The author has identified the relationship between human capital in 3 dimensions namely, education, experience, and also innovation skill of the manager to the organizational performance. The result showed a direct connection between the human capital dimension and organizational performance. The manager's innovation ability showed a positive and significant relationship between

human capital and organizational performance by using the manager's innovation ability.

Furthermore, the relationship between human capital and organizational performance is inconsistent. On the other hand, Azzahra (2018) examined intellectual capital to the organizational performance by using human capital as a dimension of the intellectual capital. The result showed human capital has a negative relationship and were not significantly influence cooperative performance in South Tangerang, Indonesia. The author believed that the possible reason is an employee within the organization possess a low confidence level on the ability to perform the job and it affected the performance of the cooperative itself. As a result, human capital consists of employee's knowledge, skill, ability and other have an inconsistent result and determines uncertainty related to the performance of the organization.

Other than that, a study conducted by Fatra, Caska, and Haryana (2015) found that PTP (Penilaian Tangga Perkembangan) has examined the overall cooperative's performance as satisfactory. PTP is a method for collecting basic data on a cooperative organization's institutional capacity while complying with scientific provisions (Fatra et al., 2015). However, in order to identify and improve the cooperative's performance, the authors suggested that further study should use resources as variable for cooperative's performance in Pekanbaru City, Riau province, Indonesia.

Researcher begins to use and fill the research gap for human capital and organizational performance study based on the inconsistent outcome for these

variables as suggested by the previous studies. Therefore, researcher is interested in investigating whether the intangible resource has a significant relationship with the performance of the organization. Researcher needs to study and conduct thorough studies in this field in order to fulfill concrete data and information. This study uses employee skills, employee education, and employee working experience as dimension of human capital to the organizational performance and focusing on cooperatives in Pekanbaru City, Indonesia Province of Riau.

1.3 Research Question

1. Is there any relationship between employee education and organizational performance?
2. Is there any relationship between employee competence and organizational performance?
3. Is there any relationship between employee working experience and organizational performance?

1.4 Research Objectives

The general objective of this study is to identify the relationship between human capital to the organizational performance in cooperative Pekanbaru city. Specifically, the study is expected to investigate:

1. Employee education has a significant relationship with organizational performance

2. Employee competence has a significant relationship with organizational performance

3. Employee working experience has a significant relationship with organizational performance

1.5 Scope of the study

The scope of this study is specifically focus on cooperative in Pekanbaru City, Riau Province Indonesia, on human capital and organizational performance. The reason for researcher used cooperative because least studies were focused on this research area. The limitation of this organization's study and knowledge, as one of reasons to researcher for using this organization to develop a study. The other reason is that this organization becomes the smallest organization that has contributed to Indonesia's GDP by a small number. However, this organization has made a significant contribution to the country's GDP in a developing country. Therefore, it is the reason for a researcher to identify this organization's performance.

The study is conducted in Riau Province specifically in Pekanbaru city. In 2018, the government plans to close from 1.125 cooperative units in Riau province (Frislidia, 2018) and close 324 cooperatives (Aprianto & Syahrul, 2017). It's a huge number since there are about 1000 units of cooperatives in this city. The city of Pekanbaru is identified as this study's population. In addition, the cooperative's good or poor performance is based on the organization's human capital on how they able to perform a job. Thus, the study used human capital as a predictor to organizational performance.

1.6 Significance of the study

The finding of this study will be significantly contributing to two aspects, which are in theoretically as well practically.

1.6.1 Body of knowledge

The study will be greatly importance in enhancing the knowledge of human capital and organizational performance which specifically to master of human resource management students. Other than that, this study will contribute in expanding body literature of organizational performance specifically in a cooperative organization. It will provide deep knowledge regarding the real situation occurred in that particular types of organization in Indonesia. To get information about this study, researcher will study more deeply, and the result of the study can be answered by the hypotheses testing of this study.

1.6.2 Practical Significance

This study has an advantage on practical side as well as the benefit of the body of knowledge. Researcher will assist practitioners like an employer or the cooperative's head within the cooperative and government to be aware of the issue of the study area. As mentioned earlier, the cooperative's performance in Indonesia is disproportionate. They have both good and poor performance at times.

How many percentages they contributed to the country's Gross Domestic Product (GDP) can be seen as the result of their performance. Furthermore, researcher will get what the causes may affect their performance by conducting this study. Thus, it

may enhance the actual understanding of the current situation and enable to generate possible solutions in the future.

1.7 Organization of The Thesis

There are five main chapters included in this dissertation. Chapter one emphasized on study introduction, background of study, problem statement, research question, research objectives, scope of study, significance of study as well organization of dissertation. Chapter 2 provides literature related to this study with a particular focus on the conceptual background of dependent variable, independent and theoretical variable.

Chapter 3 outline the study's research methodology. It consists of chapter introduction, research framework, development of hypotheses, research design, population and sample design, sampling techniques, operational definition, measurement, and questionnaire design, and the last is data analysis techniques. The following chapter of findings and results (chapter 4) begins with an introduction, response rate, data screening, the descriptive analysis, inferential analysis, and also the summary of the chapter.

Last but not least, the study provides a discussion of the outcome of this study and describes it in chapter 5. This chapter's outline is an introduction, a finding summary, and discussion of the outcome. Moreover, researcher also provides recommendation upon the study's results and conclude the overall study.

Chapter 2. Literature Review

2.0 Introduction

In this chapter, researcher will review past studies conducted on organizational performance and human capital. There are four sub-topics were divided in this chapter covering concepts and discussion on independent variables, dependent variables, theories, and chapter summary. Begin with chapter introduction, followed by discussing dependent variable (organizational performance) by enhancing the overviews, dimensions as well factors influencing organizational performance.

Later, researcher continues to independent variable. Independent variable is human capital. In this topic begins with the overview of human capital, then dimensions of human capital, continues to discuss on past researches that conducted similar study on human capital and followed by the relationship between organizational performance and human capital. Later discuss on theoretical study and conclude with chapter summary.

2.1 Conceptual of Organizational Performance

Bittner (1965) defined an organization as a stable association of persons engaged in concentrated activities focused on the accomplishment of specific purposes. Meanwhile, Farooq (2012) defined an organization as a process that integrates different kinds of activities in order to reach organizational goals and objectives and also in order to achieve these goals, competent management must provide them

with all the factors necessary to carry out their work efficiently and effectively. In simple word, an organization can be defined as a combination of people who work in a group and it was structured to meet a need or to pursue collective goals.

In organization, the terms of performance as a key factor for success, and every organization want to perform better than a competitor in order to keep its competitive advantage and share of the market (Awan & Sarfraz, 2013). Ajisafe, Orifa, and Abosede (2015) described an organization's performance is related to how successfully an organized group of people with a particular purpose to perform a function and includes an organization's actual output or results as measured against its intended outputs. By hand of Peterson, Gijsbers, and Wilks (2003), the organizational performance may be defined as the ability of an organization to use their resources efficiently and to produce outputs that are consistent with the objectives and relevant for the users.

Indeed, Mahapatro (2013) defined organization performance as the capability of the organization to accomplish its goals and objectives with the help of talented administration, good governance and have a constant rededication to accomplish business objectives. Organizational performance under Martz (2013) is focused on how well an organization can achieve its objectives, given certain resource constraints, without placing undue strain on its members. Additionally, the organizational performance of this study will refer to Khan, Abdullah, and Ah (2016) which refers to profit, sales, return on assets (ROA), return on sales and others as an indicator on measuring the organization's successfulness.

2.1.1 The Dimension of Organizational Performance

According to Selvam, Gayathri, Vasanth, Lingaraja, and Marxiaoli (2016), organizational performance is a comprehensive construct (model) which has unidimensional and multidimensional such as profitability performance, growth performance, market value performance, customer's satisfaction, employee's satisfaction, environmental performance, environmental audit performance, corporate governance performance, and social performance. In line with the study of Tessema (2014), the performance of organizations in small footwear enterprises in Ethiopia is measured by financial performance, growth performance, and overall performance.

Other than that, as suggested by Al-Tit (2017); Obeidat, Abdallah, Aqqad, Akhoershiedah, and Maqableh (2017), financial performance and operational performance are an appropriate measurement to measure the organizational performance. In addition, the measurement to measure performance of the multiple cooperatives in Swaziland (Masuku, Masuku, & Mutangira, 2016) and agricultural cooperative in China (Wang & Huo, 2013) are similar which are financial performance, social performance but the differences are only on the economic performance. However, Martini, Lasmi, Sutrisni, and Jaya (2017) measured performance of the cooperative in Bali province Indonesia by using different measurement that are increasing the cooperative who excel, the increasing growth, increasing financing facility, and also the increasing product marketing and partnership. Interestingly, Khan, Yaacob, Abdullah and Ah (2016) directly measuring the performance of the cooperative in Malaysia by using five items that

are profit growth, sales growth, after-tax return on assets, after-tax return on sales and overall cooperative performance.

As a result, researcher develops table 2.1 below to show measurement was used in measuring organizational performance by past researchers (Al-Tit, 2017; Jamal & Saif, 2011; Khan et al., 2016; Martini et al., 2017; Masuku et al., 2016; Obeidat et al., 2017; Tessema, 2014; L. Wang & Huo, 2013).

Table 2. 1. Dimension of Organizational Performance

No	Author	Year	Dimension Measurement	/ Research Setting
1	Jamal, And Saif	2011	(1) Profit, (2) Profit Growth, (3) Sales Growth, (4) After-Tax Return On Assets, (5) After-Tax Return On Sales, (6) The Overall Response To Competition, (7) Industry Leadership, Future Outlook, (8) The Success Rate In New Product Launches, And (9) Overall Business Performance And Success.	Banking Industries In Ondo Town

Table 2.1 (continued)

2	Tessema	2014	1) Financial Performance, 2) Growth Performance, and 3) The Overall Performance	Small Footwear Enterprises In Ethiopia
3	Al-Tit;	2017	1) Operational Performance And 2) Financial Performance	Manufacturing Firms In Jordan
4	Obeidat, Abdallah, Aqqad, Akhoershiedah, and Maqableh	2017	1) Operational Performance And 2) Financial Performance	Manufacturing companies in Jordan
5	Wang And Huo	2013	1) Financial Performance, 2) Economic Performance, And 3) Social Performance.	Agricultural Cooperatives In China
6	Masuku, And Mutangira	2016	1) Financial Performance And 2) Operational Or Social Performance	Multitype Cooperative Swaziland. Of In
7	Khan, Yaacob, Abdullah and Ah	2016	1) Profit Growth, 2) Sales Growth, 3) After-Tax Return On Assets, 4) After-Tax Return On Sales And 5) Overall Cooperative Performance	Cooperative In Malaysia
8	Martini, Lasmi, Sutrisni, and Jaya	2017	1) Increasing The Cooperative Who Excel, 2) The Increasing Growth, 3) Increasing Financing Facility and 4) Increasing Product Marketing and Partnership.	Cooperative In Bali Province

Based on organizational performance dimension in table 2.1, profitability performance or financial performance, growth performance, operational performance, and social performance are most commonly items to measure organizational performance.

The differences on measurement were based on research objective on specifically what performance were intended to measure. Feng, Terziovski, and Samson (2008) defined operational performance as how the organization able to control and manage their internal operation such as production, product quality, and customer satisfaction. In addition, financial performance is measured by percentages of resulting from new product, profitability capital employed, and return on asset (ROA) (Selvarajan et al., 2007; Hsu et al., 2007 cited in Tessema, 2014). On the other hand, Selvam et.al., (2016), enhanced that growth performance and social performance are different. Growth performance is related to growth in size aspect or even at the same profitability level but will increase its absolute amount of profit and cash generation. The larger size of firms also may bring economies of scale and market power, leading to the enhanced future profitability of firms. However, social performance can be defined as a way to satisfy communities and governments.

Although, this study refers to dimensions proposed by Khan et.al., (2016) were used five items to measure the organization performance, that are profit growth, sales growth, after-tax return on assets, after-tax return on sales and overall cooperative performance because researcher focuses on measuring the tangible performance within the organization.

2.1.2 The Factor To Influence The Organizational Performance

Every organization conducts various activities to fulfill the organizational objectives. These repeatable activities use processes for the success of the organization to be quantified in order to determine the level of performance and for management to make informed decisions where, if necessary, actions are initiated to improve performance (Jenatabadi, 2015).

Either in terms of its financial or operational aspects, different factors have been exposed which have an important impact on organizational performance (Al-Tit, 2017) such as intellectual capital (Andreeva & Garanina, 2016), human capital (Urban & Kongo, 2015), human resource management (Vermeeren et al., 2014), training and development (Raza, 2014), and strategic human resource management (Nyandiko & Onger, 2015).

According to Andreeva and Garanina (2016) were identified the intellectual capital with three dimensions are human capital, structural capital and relational capital will influence the organization performance in Russian manufacturing firms. The result showed a positive influence of human capital and structural capital on the performance of the organization.

On the other hand, Vermeeren et.al (2014) were examined human resource management with three measurement of organizational performance that are financial performance, organizational outcomes and HR outcome (absenteeism) in health care sector. The results showed positive and significant relationship between human resource management with financial performance. In addition, Urban and

Kongo (2015) conducted a study with human capital to the venture performance focus retail industry in Kinshasa, Democratic Republic of Congo. Human capital variable examined in two dimensions which are education and working experience and the result both of the variables play a role in venture performance.

Furthermore, Raza (2014) identified training and development with an organizational performance by conducting a study in oil and gas sector in Pakistan with 136 respondents. The result showed a positive impact of learning organization and training as dimensions of training and development to the objectives of the organization. In addition, one of factors influences organizational performance is strategic human resource management. Strategic human resource is shown there is a linear positive relationship to the organizational performance with motivation strategy is the most influential factor in Kenya – Seed company (Nyandiko & Onger, 2015).

2.2 Conceptual of Human Capital

According to Ongkorahardjo, Susanto, and Rachmawati (2008), human capital can be defined as a combination of an individual's knowledge, ability, innovation and ability to create value and achieve the goal. In line with the study of Ajisafe et al.,(2015), stated human capital is the knowledge, skills, competencies, and attributes embodied in individuals that facilitate the creation of personal, social and economic well-being. Furthermore, Ali and Chaudhry (2017) defined a human capital used capabilities, competencies, knowledge, ability, and personality as characteristics to perform job and to produce economic value.

In study of Namasivayam and Denizci (2006), human capital is referred as the ability, education, competencies, and psychometric assessments. In addition, human capital can be defined as a total value of the human resource of an enterprise and is composed of the staff and their ability to successfully complete their work (Ramli, Poespowidjojo, & Shakir, 2014; Wang et al., 2008). On the other hand, human capital is a value in employees such as the sum of competence, knowledge, skills, innovativeness, attitude, commitment, wisdom, and experience of the employee (Wang, Wang, & Liang, 2014).

As a consequence of the terms of human capital above, human capital can be concluded as total value and also become a characteristic of the individual which consists of knowledge, skill, ability, and others and is used as capital to perform the job.

2.2.1 The Dimension Of Human Capital

In reality, human capital is related to the value of the individual in the organization. Indeed, Hidayat (2013) concluded the skill and ability are related of the individual in the organization and it is an intangible asset that is not easy to measure since a human has a dynamic nature and relative that can change based on the situation and condition. The literature emphasizes that different measurements or dimensions are presented by different researchers when examining aspects of human capital.

Chen and Chang (2013) proposed three dimensions of human capital that are entrepreneurial competence, motivation, and creativity to the new venture performance with 155 small technology located in government incubators on

university campuses throughout Taiwan. On the other hand, by Felico, Couto, and Caiodo (2014) were used four items as dimensions of human capital which are knowledge, experience, professional efficiency, and cognitive ability to measure the performance of small and medium-sized Portuguese companies.

Other than that, a study conducted by Ramly, Poespowidjojo, and Shakir (2014) in manufacturing warehouse located in Malaysia has used three dimensions of human capital that are employee competence, employee education, and employee working experience. In line with study of Tessema (2014) which has three dimensions of human capital which are education, skill (innovation) and experience.

Interestingly, Khan and Quaddus (2018) use variant measurement with literature in below which is a demographic factor and psychographic factor. The demographic resources of a company are demographic characteristics of its members, such as education or explicit knowledge, experience, skills and age range, and the psychographic resources of the company describe psychographic characteristics of the members of the company, such as their tacit knowledge.

Based on dimensions as stated above, for this particular study, researcher uses competence, education and working experience of the employee as dimensions of human capital. These dimensions have been applied in the study of Ramli et.al (2014), Aryee, Chay and Tan (1994), Carmeli and Tishler (2004b) and Carmeli and Tishler (2004a).

2.2.2 Past Study for Human Capital

As stated previously, human capital is related to the individual's competencies, knowledge, ability, and others. Human capital is used to sustain competitiveness in the organization and becomes an instrument used to increase productivity (Alnachef & Alhajjar, 2017). Besides that, the developing the human capital is a key prerequisite for the socio-economic and political transformation of a country and as result of the study by Eigbiremolen and Anaduaka (2014), suggested there is an increase in economic performance for any increase in human capital development.

In addition, human capital also influences new venture performance. Linking of human capital and new venture performance is explained in Chen and Chang study (2013). They found entrepreneurial experience, manpower, and creativity as human capital dimensions that positively impact on new venture's performance assessed by using profitability and patent creation as criterion variables.

On the other hand, Samad (2013) has examined the contribution of human capital to organizational performance in Malaysian logistic company. The result showed that human capital aspects are significantly contributing to business performance, and the finding is indicating employee competence and creativity as a major factor that influenced business performance. It can be concluded human capital as main resource which plays a role in managing and controlling the performance of the organization or the country itself.

Furthermore, Liu, Pang, and Kong (2017), human capital is used to examine the export and company innovation in Chinese A-share listed firms from 2006 to 2015. The human capital divided into two returnee manager and highly educated

employees. There are two goals used in their study to investigate the effects of human capital and exports on promoting innovation, which are to examine how human capital affects the connection between export and firm innovation, and the underlying mechanism in how returning managers and highly educated employees play various roles. Interestingly, the result showed that human capital significantly affects innovation and improves innovation in combination with export. In relationship between export and innovation, these human capital dimensions play a different role.

In the study by Nirwana (2018), the use of human and cultural capital has affected the financial condition of a region and whether cultural capital has a mediating effect on the effect of human capital on the financial condition of a region. The result showed that human capital has a positive influence on cultural capital. The higher human capital, mainly reflected in work experience, increases the cultural capital in the local government's working environment. But, human capital does not affect the financial condition of the area directly, and cultural capital has a positive impact on the financial condition.

2.2.3 The Relationship Between Human Capital And Organizational Performances

According to Awan and Sarfraz (2013), human capital stands among the most valuable and important assets of an organization and it uses to help the company to grow and achieve the goals more effectively and efficiently. It was supported with study of Ajisafe et.al., (2015), human capital has been successful as a key element in improving productivity, performance, and competitiveness, and some

organizations have had the opportunity to hire the right people for the right jobs and to motivate, evaluate and develop them.

Human capital or people with knowledge, expertise, innovative capacity, licensing agreements, organizational culture and another example of intangible assets have been widely confirmed as the most significant assets for the development of a company (Andreeva & Garanina, 2016). Moreover, there are several studies which found has a positive relationship to organizational performance.

According to Crook, Todd, Combs, Woehr, and Ketchen (2011), human capital is strongly associated with meta-analyzed organizational performance by using 66 human capital studies and company performance. The authors proposed that managers should participate in a program that increases and retains business – specific human capital. Furthermore, Tessema (2014) examined the impact of human capital on organizational performance. The study is conducted at a footwear company were using a sample of 143 small-scale footwear firms in Ethiopia. The author divided human capital into three dimensions, namely, education, skills, and experience. In result, the three dimensions of human capital, only found innovation or skill has significantly and positively affected performance. However, education and experience have an insignificant effect on organization performance.

Apart from that, Ramli, Poespowidjojo, and Shakir (2014) conducted study in Licensed Manufacturing Warehouse (LMW) in Peninsular Malaysia. The authors identified human capital with organizational performance in that setting. The authors believe human capital has been considered a major asset to warehouse performance by using three dimensions of human capital that are employee

education, competence, and working experience, but it has not been tested empirically. 102 respondents participated in this study and the findings showed that the Licensed Manufacturing Warehouse (LMW) in Peninsular Malaysia has a linking on human capital and organizational performance. Moreover, Mahmood and Azhar (2015), human capital is examined with organizational performance on the Pakistan security forces. The human capital was divided into three, namely, knowledge, skill, and ability then organizational performance measured by three items operational excellence, productivity, and comparative valuation. The results indicated that in Pakistan Security Forces had a positive strong relationship between human capital and operational performance. Overall found that knowledge is the most substantial impact to organizational performance, followed by skills and ultimately officers' abilities.

In addition, a study on relationship between human capital and organizational performance were conducted by Urban and Kongo (2015). A study focused on the relevance of human capital to firm performance was developed and focused on the retail industry in Kinshasa, Democratic Republic of Congo. The authors divided human capital into two dimensions, education and experience, and firm performance is measured on financial and non - financial indicators such as sales growth rate, operating profit, profit to sales ratio, market development, and growing product range, and number of branches or stores. Interestingly, the authors found two dimensions of human capital play a role in venture performance.

Last but not least, Khana Quaddus (2018) determined the importance of human capital into organizational performance by using 2 dimensions namely,

demographic and psychographic factor. The author conducted a study in service industry of micro firm at Khulna city, Bangladesh on 438 respondents. The objectives are to examine human capital's dimension to organizational performance and also using psychographic factor as a mediating variable for demographic factor and organizational performance. Interestingly, the finding showed all objectives were answered which defined all dimensions have significant effect on organizational performance. Based on the result of human capital and organizational performance in above, it can be concluded human capital as one of the resources within the organization which have a positive relation the organizational performance.

2.3. Theoretical Review

In order to linkage the relationship between human capital and organizational performance, there are two theories relevant to identify the relationship between human capital and organizational performance which are Human Capital Theory and the Resource-Based View (RBV)

2.3.1 Human Capital Theory

The theory of human capital suggests that a person invests in human capital through training and education to improve his or her skills and future careers (Aryee et al., 1994). It also means that the investment or disinvestment process in human capital often changes a person's very nature, for example like a training (Becker, 1993). It can change a lifestyle from one with perennial unemployment to one with stable

and good earnings, or cumulative drinking can destroy a career, health and even a right-thinking ability.

Tan (2014) also suggest the theory of human capital which specifically on education will increases the productivity and income of individuals, and education is, therefore, an investment. However, the investment is not only important for individuals but also the key to a country's economic growth. Furthermore, this theory has great significance relates to maintaining organizational performance with employees' accumulated knowledge and skills (Becker, 1993; Strober, 1990 cited in Carmeli & Tishler, 2004). Tessema (2014) also extends the human capital theory to incorporate both its direct and indirect effects on company performance. Losing employees who have more experience in their job will lead to a negative outcome in organization performance.

2.3.2 Resources-Based View (RBV).

Resource-based view suggests that human resources can contribute to the sustained competitive advantage by facilitating the development of firm on specific skills, creating complex social relationships, reflecting the history and culture of the company and thus generating tacit knowledge in organizations (Mufti, Parvaiz, Wahab, & Durrani, 2016). This theory suggests that the variability in the performance of an organization can be qualified to heterogeneity in the different packages of organizational foundations (resources) (Barney, 1991; Peteraf, 1993; Prahalad & Hamel, 1990; Reed & DeFillippi, 1990; Wernerfelt, 1984 cited in Carmeli & Tishler, 2004b).

The resources play an important role to influence the organization performance. Losing one of the resources will make the organization difficult to toward the goals. Researcher is seeking these variables are connected through the resource-based view. As stated in the study of Barney (1991), the resource-based view which examines the relationship between a firm's resources and competitive advantages. If the firm is able to obtain valuable and rare resources in order to exploit those resources in implementing value-creating strategies that cannot duplicate by other organization.

By focusing on how well firms operate their resources, they cannot only better manage their employee teams, but also maximize their competence, motivation, and creativity to generate increased profits and patents creation for their firms. Firm indicates that resources are valuable when they allow improving effectiveness, capitalizing on opportunities and neutralizing threats.

2.4 Chapter Summary

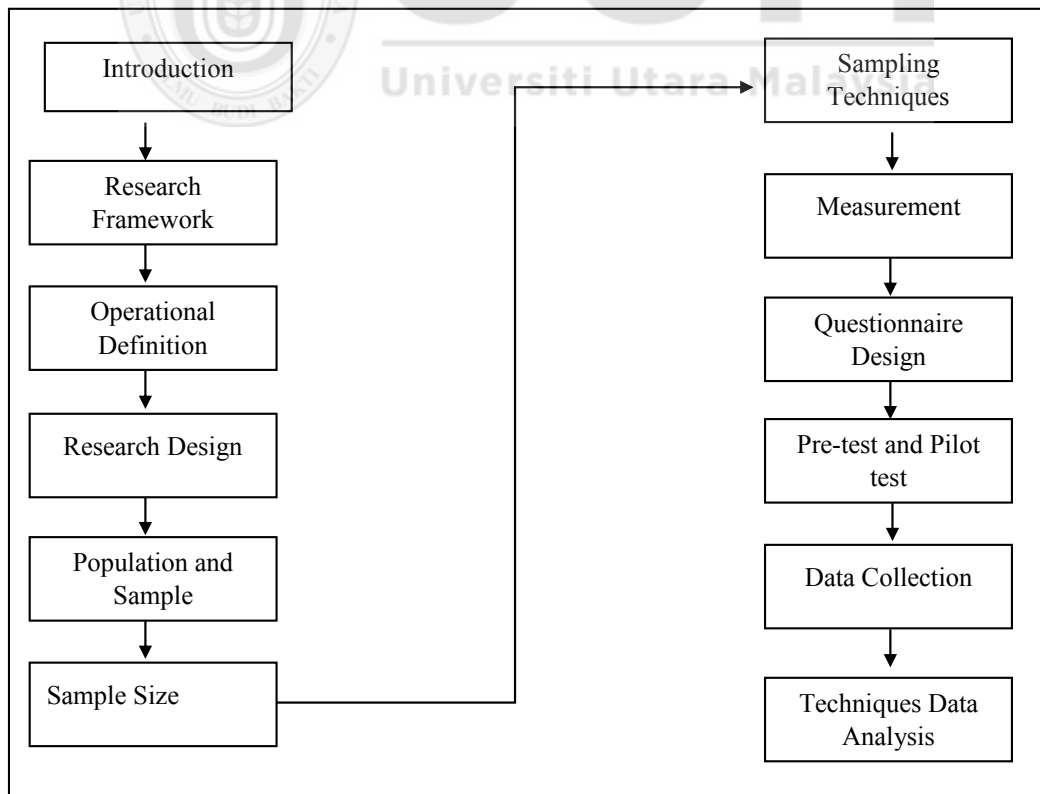
In conclusion of this chapter, researcher perceive the relationship between organizational performance with human capital. The human capital as an element has an influence on the performance of the organization. The resource base theory shows that are linking between human capital as a resource with the organizational performance. If the organization was losing one of the resources, it will affect the overall performance of the organization.

Chapter 3. Research Methodology

3.0 Introduction

The main purpose of this study is to specifically identify the relationship between human capital and organizational performance within the cooperative organization in Pekanbaru City, Indonesia. This chapter provides important elements to test the relationship between independent variable and dependent variable, that are research framework, research hypotheses, operational definition, research design, population and sample design, sampling techniques, measurements, questionnaire design, pre-test, pilot test, data collection, and last but not least, data analysis techniques. Figure 3.1 below is the flowchart of the chapter's outline.

Figure 3.1. Chapter's 3 Outline

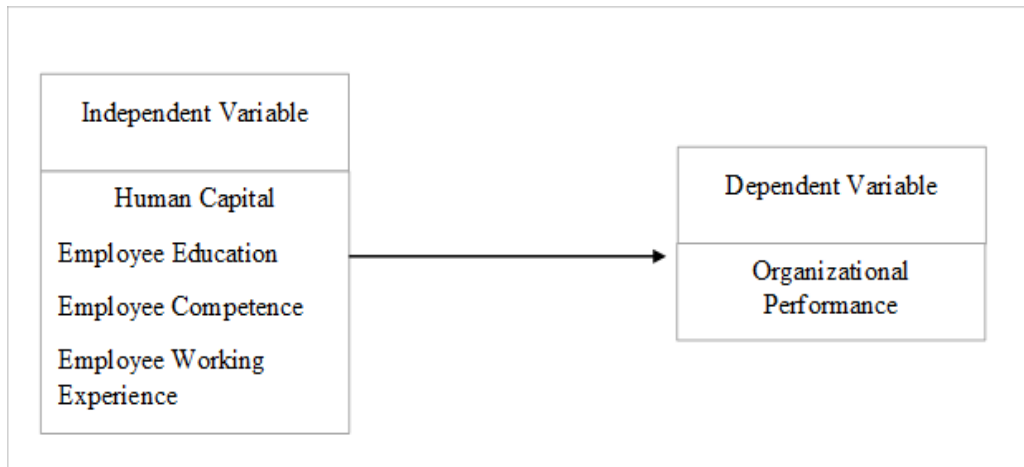


3.1 Research Framework

Research framework for this study is adopted from Ramly, Poespowidjojo, and Shakir (2014) and Khan, Abdullah, and Ah (2016). The research framework was used to identify the relationship between human capital and organizational performance in cooperative at Pekanbaru city, Indonesia. Researcher adapts three dimensions of human capital in present study namely, employee skills, employee education and work experience (Aryee et al., 1994; Carmeli & Tishler, 2004a, 2004b; Ramli et al., 2014).

The three dimensions of human capital have been used in different organization like in public organization (Carmeli & Tishler, 2004a) and private organization (Ramli et al., 2014). The five organizational performance measurements that are profit growth, sales growth, after-tax return on assets, after-tax return on sales and overall cooperative performance used to measure cooperative performance in Malaysia (Khan et al., 2016). Therefore, the researcher develops a framework is depicted in figure 3.2 below.

Figure 3.2. Research Framework



3.2 Hypotheses Development

As mentioned early, the purpose of this study is to identify the relationship between human capital with organizational performance in the cooperative in Pekanbaru City, Indonesia, which consists of three dimensions, namely employee education employee competence, and employee work experience. As evidence of the researcher using three dimensions based on previous studies has widely used these dimensions and have a positive relationship with organizational performance.

3.2.1 The Relationship Between Employee Education And Organizational Performance

The first dimension of human capital is employee education. According to Magoutas, Papadogonas, and Sfakianakis (2012), in the highly competitive environment of the global market, the role of education has become more important since it has been demonstrated that high - level personnel are a determining factor in the research and innovation process, thereby facilitating improvements in productivity and competitiveness. The authors identified the relationship between business growth and their employees' educational level. In the economic result, employee's education has shown positive and significant to the growth path of Greek enterprises whereas less competitive industries are not found to be significant to educating employees to firm growth.

In addition, Chiliya and Roberts (2012) support their hypotheses that entrepreneurs educational levels were correlated with net profit to determine whether education impacts on business performance and the result shows that education impacts the

overall business performance as measured by net profit. On the other hand, Darmadi (2013) found that in terms of educational achievement of Board of Commissioners (BOC) members, postgraduate degrees and degrees from prestigious universities have marginally significant effects on return on assets (ROA).

Additionally, in Kinshasa, Democratic Republic of Congo, Urban, and Kongo (2015) also found a positive correlation between education and work experience with venture performance in the retail industry. Therefore, researcher develops a hypothesis for employee education and organizational performance.

Hypothesis 1: Employee education has a significant relationship with organizational performance.

3.2.2 The Relationship Between Employee Competence And Organizational Performance

According to Ünal, Yaşar, & Zaim (2013), managerial competencies are the most significant factors on the relationship between individual competencies with organizational performance in Turkey's service industry. By hand of Osei and Ackah (2015), the competence of the employee contributes to an organization's performance by specializing in individual tasks and reducing waste. For example, when an employee possesses the skills and expertise required and has the comfortable space to express their ideas in a non-hostile environment will enhance the credibility of the particular employee which become steps tone for the company as well in achieving corporate goals. In addition, particularly in the travel agencies,

the authors have shown that the competent employee has a strong positive effect on performance (Elbaz, Haddoud, & Shehawy, 2018).

Furthermore, as stated in the study of Awad (2018), competencies are key building blocks for considering positive changes, and may also have a negative impact due to lack of trust. The author found that Multi-National Companies (MNC) leadership or management is aware that skills work as enablers of a positive contribution to the organization's high performance. As can be seen for justification related to the competence and organizational performance of the employee, the study develops the second hypothesis as below.

Hypothesis 2: Employee competence has a significant relationship with organizational performance

3.2.3 The Relationship Between Employee Working Experience And Organizational Performance

In this study, the third dimension of human capital is the work experience of employees. According to Castro and Sápez (2008), human capital has been found to appear as the most influential component that includes employees' experience, creativity, and teamwork. The high level of industry experience or employee experience within the organization, their ability to develop ideas, knowledge, and others, and also their involvement in the team, becomes a key asset for competition in the industries being analyzed.

Other than that, in the word of Kotur and Anbazhagan (2014), when an employee has a high level of working experience, it will influence their performance. Long-

term experience and expertise will contribute to increase-activity's efficiency, the high level of field expertise and professionalism, and the active involvement of employees in achieving organizational goals (Zlate & Enache, 2015). Thus, hypothesis was formulated based on previous studies finding.

Hypotheses 3: Employee working experience has a significant relationship with organizational performance.

3.3 Operational Definition

3.3.1 Human Capital

Human capital refers a combination of the ability and the capability to perform the job or task with the knowledge, skill, ability and other of the employee to achieve the organizational goal (Ongkorahardjo et al., 2008).

3.3.1.1 Employee Education

Employee education refers to an individual who has acquired academic credentials or degrees and also provides individuals with more declarative procedural knowledge to complete the tasks successfully (Ng & Feldman, 2009).

3.3.1.2 Employee Competence

Employee's competence is related to behaviors associated with the knowledge and skills needed to effectively implement a certain mission, and such behaviors may be a set of personal characteristics or a set of standardized and performance characteristics (Osei & Ackah, 2015).

3.3.1.3 Employee Working Experience

Work experience is an event that an individual experience related to the performance of a job or either the amount of time spent on the particular job (employment tenure) or the number of times performed in a given job (Quíñones, Ford, & Teachout, 1995)

3.3.2 Organizational Performance

Organizational performance is linked to the success of the organization, which includes all activities or tasks within the organization and is measured by profit, sales, return on assets (ROA), return on sales and overall performance within the organization (Khan et al., 2016).

3.4 Research Design

According to Neil (2009), research design defined as a research technique and structure to meet the standards required to collect and analyze data. The author also suggests that the necessary basis for understanding data collection for research purposes is quantitative and qualitative. Basically, there are two research approaches that are quantitative and qualitative (Lee, 1992).

Qualitative approaches is a research technique that allows researchers to understand the phenomena in detail without relying on numerical measurements (Zikmund, 2003). Mostly, researcher used this approach by conducting an oral interview to determine the respondent's feelings about the circumstances (Sekaran & Bougie, 2009).

In addition, the quantitative approach can be defined as research that explains phenomena based on numerical data analyzed using mathematically based methods, in particular statistics (Yilmaz, 2013). The purpose is to establish the relationship between variables in a population, usually perceived as objective and strongly based on statistics and figures, but the qualitative approach is subjective and uses language and description (Ashley & Boyd, 2006). Based on approaches above, researcher applies quantitative approaches as an approach to observe the hypotheses of human capital relationship with organizational performance focusing on the cooperative organization in Pekanbaru City, Indonesia.

3.5 Population and Sample

Sekaran and Bougie (2009), defined population as the total number of persons in a group, event or items with significant information for the study. Cooperative units are used as a population in this study, and there are 410 units in the number of active cooperatives in Pekanbaru City. However, researcher focuses on the active cooperative that has conducted annual meeting 2017 in 2018. The reason for the researcher is that some cooperatives are no longer available and the organizations were also failed to update their information to government regarding new correspondence address and telephone numbers.

There are 178 active cooperatives based on data obtained from Dinas Koperasi Kota Pekanbaru where the 2017 annual meeting was held in 2018. 178 units are total number of populations for this study. Respondents derived from a different group of sectors such as from education, location, local and central government, women's

cooperatives, and others. Researcher used all sectors are to collect information from varioust perspectives.

3.6 Sample Size

Furthermore, the study uses a sampling method to collect the data. Sekaran & Bougie (2009) defined sampling as a technique that the group wants to look at somewhat representative. The sample is a sub-population in which a smaller set of data is collected. In this particular study, sampling is required due to budget, period and resource constraints. There are few studies to determine the sample size in the following;

A. Gay and Diehl (1992), the number of study-acceptable respondents generally depends on the type of research involved— descriptive, correlative or experimental. For descriptive research, the sample should be 10% of the population. If the population is small, however, it may need 20 percent. In correlation research, a minimum of 30 subjects are required to establish a relationship. For experimental research, 30 subjects per group are often referred to as the minimum.

B. Indeed, Roscoe (1975) suggested that a number of samples must be not less than 30 and not more than 500.

In addition, table suggested by Krejcie and Morgan (1970) used to determine the sample size of the population concerned. Table showed if the population in range 170 -179 then the sample size should be in 118 units. Consequently, this study used 118 cooperatives as a sample size of the population.

3.7 Sampling Techniques

Sekaran and Bougie (2009), states there are two sampling techniques are available to collect information namely, probability sampling and non-probability sampling. Probability sampling involves four types of techniques, simple random sampling, complex probability sampling, systematic sampling, and stratified random sampling. When the population is high, systematic sampling is an appropriate technique to use, stratified random sampling in the meantime when a researcher used sub-group to gain information from the population about the differences.

However, researcher uses simple random sampling in this particular study. Researcher interested in using this technique because researcher wants all cooperatives to have equal opportunities in providing the right information. The simple random sampling technique is referred to the website (<https://www.randomizer.org/>). Five procedures for selecting the respondents are as follows:

- 1) Firstly, identified how many numbers of samples will use
- 2) Secondly, open <https://www.randomizer.org/> to use research randomizer
- 3) Next is, fill up a few columns “How many sets of numbers do you want to generate?”. In this part, the researcher inserts 1. Continuously, “How many numbers per set?”, this is how many number samplings to use. Then move to “Number range”, in this column researcher uses 1 to 118

and the last researcher uses the least to greatest on “Do you wish to sort the numbers that are generated?”.

- 4) Click randomizes now.
- 5) After click on randomizing now, then they will provide a result for the sampling

The outcome of this technique is used to select respondents to obtain their information.

3.8 Measurement

The measurement of human capital is adopted from Carmeli and Tishler (2004b) where the original measurement is shown in table 3.1 and as well adapted from Khan et al., (2016) for organizational performance. In human capital instruments, researcher questions related to employee competence, employee education, and the employee working experience. In the human capital part, there are 13 questions which divided into 3 sections, 4 questions for employee education, 4 questions for employee competence and 5 questions for employee working experience respectively, such as “(a) Cooperative boards have a suitable education to fulfill the job”, “(b) Cooperative boards have a suitable education to fulfill the job”, “(c) Cooperative boards hold suitable work experience for accomplishing their job successfully, and (d) Cooperative boards have a better knowledge in solving problem-related to the job.

In organizational performance part, there are 5 questions were adapted from the Khan et al., (2016) such as “(1) Profit Growth , (2) Sales Growth, (3) After – Tax

return on Asset, (4) After – Tax return on Sales and (5) Overall Cooperative Performance”.

Table 3.1. Human Capital’s measurement

No	Items	Author
1	Employees have suitable education to fulfill their jobs.	Carmeli and Tishler (2004b)
2	Employees are well trained.	
3	Employees hold suitable work experience for accomplishing their job successfully.	
4	Employees are well-skilled professionally to accomplish their job successfully.	
5	No one knows this job better than our employees.	
6	Problems here are easy to solve once the employees understand the various consequences of their actions, a skill they have acquired.	
7	Employees do not know why, but sometimes when they are supposed to be in control they feel they are being manipulated (reverse scored item).	
8	If anyone here can find the answer, it is our employees.	
9	Employees go home the same way they arrived in the morning, feeling they have not accomplished much (reverse-scored item).	
10	Considering the time spent on the job, employees feel thoroughly familiar with their tasks.	
11	Doing this job well is a reward in itself.	
12	Mastering their jobs meant a lot to our employees.	

3.8 Questionnaire Design

Researcher use bilingual in describing questionnaire items in this study, that’s in English and Indonesian. The reason for bilingual questionnaire is because most of

cooperative boards in Indonesia has a minimum understanding of the English language. The questionnaire involved in this study has been translated into the employers ' mother tongue as the Indonesian language, so it is making their task easier. It also uses to help respondents get the right questions and able to answer correctly.

The questionnaire is divided into three parts (A, B, C). In each part, researcher provides a guide on how to fill the questionnaire. In part A, which is comprised of demographic and characteristic of the cooperatives and respondents. Part B and C related to variables in present study which is human capital and organizational performance. However, researcher covers 5 points Likert-scale ranging from 1-strongly disagrees to 5-strongly agree, to gain the right information from the respondents. The reason to use this scale is subject to empirical findings by Zikmund (2003), that testing behavioral and attitude it is suitable using this scale as a result of the simple nature of the administration.

3.9 Pre-test

Before distributing to actual respondent, the study must perform a pre-test to identify items on the questionnaire for relevant and accurate purpose. Pre-test results can be used to determine whether or not the questionnaire can achieve the study's goals (Zikmund, Babin, Carr, & Griffin, 2013). Before attempting to final study, researcher might make modifications and refine the research methodology based on pre-test feedback (Ismail, Kinchin, & Edwards, 2017).

In present study, researcher distributes the questionnaire to three experts who are supervisor as an internal examiner and two Riau University lecturers in connection with the questionnaire. Based on feedback received from these external experts, the item “my employee” of the questionnaire should be changed be cooperative boards because some cooperatives do not have any employee in their organization.

3.10 Pilot Test

Arafin, Campbell, Cooper, and Lancaster (2010) defined a pilot study as a thumbnail to test whether the main study components can all work together. Once the questionnaire has been developed then it must be conducted a pilot test. Pilot test will use to identify potential practical problems in following the research procedure (Teijlingen & Hundley, 2002). Through a pilot test, it will help researchers reduce the risk of errors or problems and identify and solve as many potential problems or problems as possible (Ismail et al., 2017).

Burns and Grove (2005 cited in Hertzog (2008)) stated there is no specific recommendations for determine the sample size for pilot test. According to Hertzog (2008) suggested if the pilot test is aimed on feasibility then samples as small as 10–15 per group sometimes being sufficient. Based on assumption above, this study uses 15 respondents as a sample for the pilot test. Furthermore, in this study researcher examines reliability on the instrument. Reliability test refers to the extent to which measurement and procedure results can be replicated (Bolarinwa, 2015). Table 3.2 below showed the results of reliability test.

Table 3.2. Reliability test

Variable	Cronbach's Alpha	Number of Items	Result
Employee Education	0.533	4	Reliable
Employee Competence	0.726	4	Reliable
Employee Working Experience	0.857	5	Reliable
Organizational Performance	0.956	5	Reliable

3.11 Data Collection Procedure

According to Singh (2006), the survey method is concerned with the present and attempts to determine the status of the phenomena investigated and was divided into four types which are descriptive, analytical, school survey and genetic. This study used a descriptive method which specifically using questionnaire survey method in order to gather the information from respondents. As suggested by Zikmund (2003), the questionnaires is a basic and best method for gathering the data, and its minimize distortions in information because of 'interviewer biases' during the interview process.

Researcher needs to comply with university and Pekanbaru City government rules and regulation as well Standard Operating Procedure (SOP) prior to collect data. First, research begins to apply for approval letter of conducting research under supervision of lecturer from Othman Yeop Abdullah, University Utara Malaysia. Secondly, Dinas Penanaman Modal Satu Pintu Provinsi Riau, and continues to

Dinas Kesatuan Badan Politik Kota Pekanbaru and Dinas Koperasi and UKM Kota Pekanbaru are used to request permission to conduct research and data collection for this study. Researcher requests a list of names for the active cooperative in Pekanbaru city from Dinas Koperasi and UKM Kota Pekanbaru after receiving permission letter from all offices were related. Finally, researcher collects data from each respective cooperative after received the permission letter and list name of the cooperatives. The flow of this procedure is presented in figure below.

Figure 3.3. Data Collection Procedure



This study uses two methods in collecting data which are online and paper questionnaire. Researcher reason is to make the respondents feel comfortable to fill up the questionnaire. The online survey conducted through Google Form. Online surveys are pretty flexible (Evans & Mathur, 2005). One advantage of online surveys is the ability of the internet to provide access to groups and individuals who are difficult, if not impossible, to reach through other channels (Wright, 2005).

Online questionnaire was preferably given to those has limited time to participate in this study. Questionnaires will be the study's main tool and will be distributed through internet survey to target respondents by using simple random sampling. Interestingly, the internet offers many advantages over traditional research methods and the empirical report is expected to become more prominent as time progresses

(Fox, Murray, & Warm, 2003). In the meantime, the paper questionnaire will provide respondents with time or access to face-to-face interviews, as well as respondents who prefer to use traditional approach of answering questionnaire.

3.12 Techniques Data Analysis

The data in this study will be analyzed using Statistical Package for Social Science (SPSS) version 24. According to Landau and Everett (2005) stated SPSS is the most popular tools for analyses. In addition, Foley (2018) mentioned that SPSS is very suitable for a study that needs a flexible and customizable way to get super granular on even the most complex data sets. In this study, researcher uses two types of data analyses, descriptive analysis, and inferential analysis.

3.12.1 Descriptive Analysis

Descriptive analysis is a basic statistics which summarize and describe the data in a simple and comprehensible way (Zikmund, Babin, Carr, & Griffin, 2013). Descriptive analysis also refers to the numerical description of a given group observed and it cannot be taken for granted any similarity to those outside the group (Singh, 2006). In this study, descriptive analysis used to present some information such as on calculation of central tendency - mean, median and mode measurements, calculation for reliability and normality distribution of skewness and kurtosis, frequency distribution of this study and other.

3.12.2 Inferential Analysis.

Inferential Analysis refers to different tests of significance to test hypotheses to determine what validity data can be used to indicate some conclusions (Kothari, 2004) and is used to make inferences or to project from a sample to entire population (Zikmund et al., 2013). Thus, in order to test hypothesis in this study, researcher come out with few analyses, such as reliability analysis, Pearson coefficient correlation, factor analysis, and multiple regression.

3.12.2.1 Reliability Analysis

According to tools Zikmund, Babin, Carr, and Griffin (2013), reliability is used as an indicator of measuring item's internal consistency. Internal consistency can be defined as consistency of the result on different items in a test (Foster, 1998). It is aligned with Piaw (2013) study, enhanced that reliability analysis refers to the ability of research to achieve the same value if the same scenario is measured repeatedly using the same measuring.

The reliability is used two times on pilot-test and an actual study and identifying by using coefficient alpha. According to Gliem & Gliem (2003), Cronbach's alpha is a technique of reliability test with using a single test to provide a unique estimate on the result. They also suggested when the result or Cronbach's alpha result in ranges between 0 and 1 is normal. Additionally, there are some rules on determining the Cronbach's alpha coefficient. Zikmund et.al., (2013) suggested four categories on identifying the reliability as following:

- a. Coefficient alpha between 0.80 – 0.95 are considered have very good reliability,

- b. Coefficient alpha between 0.70 – 0.80 are considered have good reliability,
- c. Coefficient alpha in between 0.60 – 0.70 fair reliability, and
- d. If the coefficient alpha is below than 0.60 is considered has poor reliability.

In addition, George and Mallery (2003 cited in Gliem & Gliem, 2003) also provide some rule to determine coefficient alpha in the following table:

Table 3.3. Rule of thumb by George and Mallery (2003)

Cronbach's alpha	Assumption
>0.9	Excellent
>0.8	Good
>0.7	Acceptable
>0.6	Questionable
>0.5	Poor
<0.5	Unacceptable

Furthermore, for this study, researcher refers to the study of George and Mallery (2003) as an instruction for the reliability test.

3.12.2.2 Pearson coefficient correlation

Pearson coefficient correlation analysis is used to analyze the data collected from the sample and finally the result of a generalized sampling to the population from where the samples were selected (Piaw, 2013). It used to test the correlation between two or more variable is needed. In here, researcher used Pearson coefficient correlation to measure specifically on level of correlation between variables in the study.

According to Zikmund et.al., (2013), Pearson product-moment correlation is suitable when correlations estimate the relationship between continuous variables. The author suggests the range of correlation coefficient (r) be in -1 to $+1$. If the value is equal to 1 , then there is a perfect correlation. If the (r) is -1 , however, it means a perfect negative relationship. Other than that, Piaw (2013) provided rule to determine the strength of the correlation coefficient values then it presented in table 3.4 below. Thus, researcher followed rule provided by Piaw (2013) to determine strength of the correlation coefficient in this study.

Table 3.4. Strength of Correlation

Correlation Coefficient Size (r)	Correlation Strength
0.91 to 1.00 or -0.91 to -1.0	Very Strong
0.71 to 0.91 or -0.71 to -0.91	Strong
0.51 to 0.71 or -0.51 to -0.71	Average / medium
0.31 to 0.50 or -0.31 to -0.50	Weak
0.1 to 0.3 or -0.1 to -0.3	Very Weak
0.00	No correlation

3.12.2.3 Factor analysis

Factor analysis is defined as a technique statistically identifying a reduced the number of factors from a larger number of measure variable (Zikmund et al., 2013).

This study uses factor analysis to identify and check items in each dimension of study by using (SPSS) with the principal component and varimax rotation.

First of all, in conducting factor analysis, the study needs to identify the KMO (Keiser – Meyers – Oklin) for the item in each variable. A requirement to conduct the factor analysis, the high value of KMO that is close to 1 then it considered suitable for this analysis. Atyeo and Radtech (2001) recommended the minimum

loading factor of 0.4 anti-image is required for any item to be included in any factor. The author suggested for each factor must be related with the eigenvalue greater than 1.

In analyzing it, researcher begins to check the KMO (Keiser–Meyers–Oklin) for all variables that are employee education, employee skills, working experience and also organizational performance. This is done by analyzing the anti-image correlation value with an "a square." The study must delete the item if below 0.4 is the value ' a-square. After the items have been deleted, the cumulative variance must be identified in order to determine the level which items are spread out in each dimension. The higher the cumulative variance, the better in each variable the correlation between items and followed to identify principal component analysis of each variable.

3.12.2.4 Multiple Linear Regression

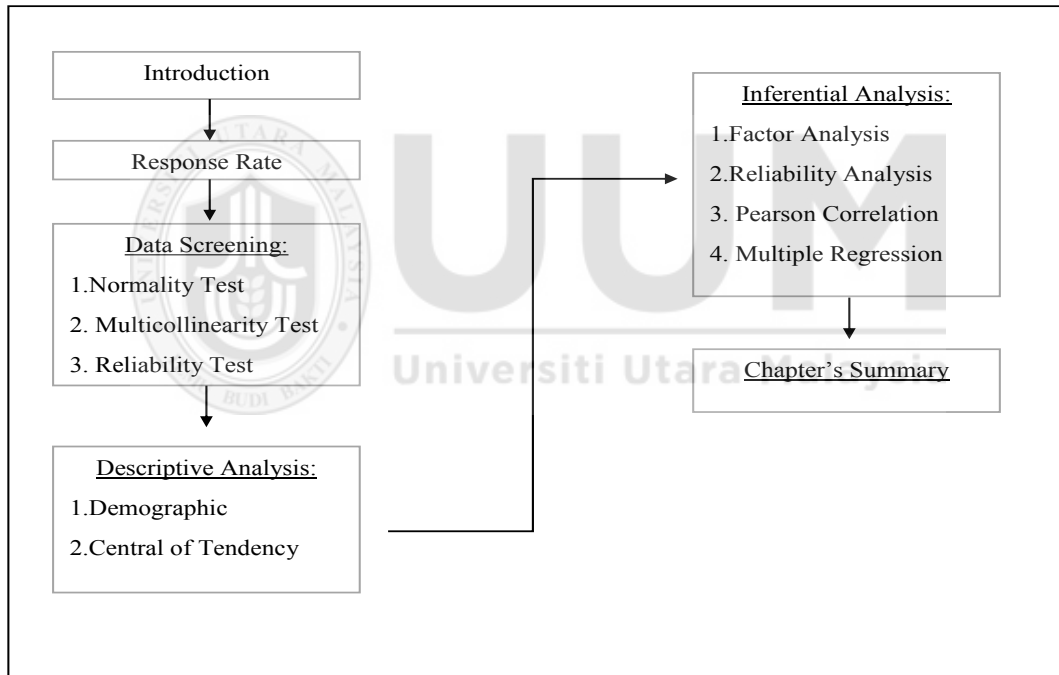
Last but not least is regression analysis. It is a technique to determine the correlation between two or more causal variables – effect relationships and predictions for the topic using the relationship (Uyanik & Guler, 2013). In this study, multiple linear regression analysis was used by researcher to identify the three independent variables to the dependent variable as well to answer the hypotheses formulated.

Chapter 4. Result

4.0. Introduction

This chapter's outline is a result of the study which begins with the introduction of the chapter, response rate, data screening, descriptive analysis, inferential analysis and summary of the chapter. The detail of outline for this study is shown in figure 4.1.

Figure 4.1. The Outline Of Chapter 4.



4.1. Response Rate

As stated in chapter 3 regarding population and sample size which found that 118 samples were determined from the population. In order to gather the information, researcher distributed 118 questionnaires to cooperative boards in Pekanbaru city by using randomizer technique. However, researcher only receive 100

questionnaires with complete information filled up by participants which consists of 84.7% response rate. The details of respondents' background as in table 4.1.

According to Rea and Parker (2014) which suggested if the response rate of the study is 50 % then it can be considered satisfactory for the analysis purpose. Moreover, Barbie (1990 cited in Roth & Bevier 1998) when the study received 60 % for the response rate it can be categorized in good response rate, then if 70 % for response rate it is considered very good response rate. Based on these justifications, the response rate of this study is considered very good and also satisfactory for the analysis purpose.

Table 4.1. Response Rate

Response	Frequency/ Rate
No. of distributed questionnaires	118
Received by hardcopy questionnaires	64
Received by online questionnaires	36
Questionnaires are not returned	18
Total questionnaires received	100
Response Rate (%)	84.7%

4.2. Data Screening

4.2.1 Normality Test

This is a foundational test in order to examine the substantial distribution of variables for further analysis test such as Pearson correlation and multiple regression analysis. The purpose of the normality test is to check the data whether

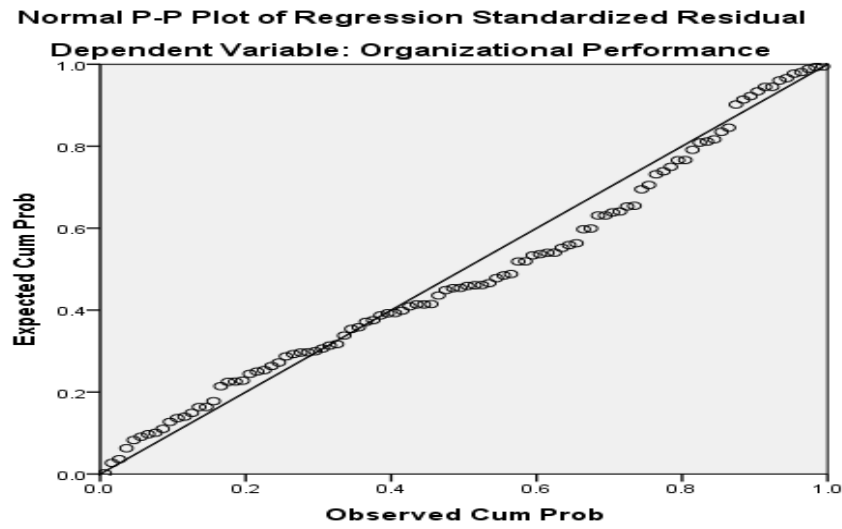
or not the observations follow a normal distribution. Piaw (2013) identified data of normality into 2 categories which are by statistics and graph. The statistic can be used Kolmogorov – Smirnov, and Shapira – Wilks Test, or Skewness and Kurtosis. Moreover, the graph can be seen in 4 ways, namely, histogram, stem and leaf plot, normality probability plot (P-P) and box plot. Thus, researcher used Skewness and Kurtosis as well normal Probability plot to identify the normality analysis in this study.

According to George and Mallery (2010), the data is considered normal if the result of skewness and kurtosis value in the range between -2 to +2. Table 4.2 shows the result of skewness and kurtosis value in the range of the rules. The skewness values are - 0.051, - 0.242, 0.231 and -.775 and the kurtosis values are -.037, 1.899, -.015 and 3.800. As result, skewed data is normally distributed, but for kurtosis value, only the organizational performance value does not determine normal, but the rest is considered to be normally distributed. As indicated in figure 4.2 below, it showed the distribution of the data is considered normal.

Table 4. 2. Normality Test: Skewness and Kurtosis

Variable	Skewness		Kurtosis	
	Statistics	Std. Error	Statistics	Std. Error
EE	-.051	0.241	-.037	0.478
EC	-.242	0.241	1.899	0.478
EWE	.231	0.241	-.015	0.478
OP	-.775	0.241	3.800	0.478

Figure 4.2. Normal P- P Plot of Regression



4.2.2 Multicollinearity Analysis

The purpose of multicollinearity analysis is used to examine the regression model to find if there is any correlation for the independent variables. When two or more independent variables are correlated in the regression model then multicollinearity will appear (Daoud, 2017). Multicollinearity analysis can be viewed by value tolerance and value of Variance Inflation Factor (VIF).

As suggested by the study of Daoud (2017), where tolerance values are less than 0.10 it indicated collinearity and for the VIF interpretation there are 3 rules which are $VIF = 0$ is not correlated, $1 < VIF < 5$ is moderately correlated and $VIF > 5$ is highly correlated. Moreover, Sekaran & Bougie (2009) also suggested for a common value cutoff value is a tolerance value of 0.10 which corresponds to a VIF of 10.

Table 4.3. Multicollinearity Analysis

Variable	Tolerance	VIF
Employee Education	0.638	1.567
Employee Competence	0.435	2.301
Employee Working Experience	0.446	2.245

Table 4.3 above shows the value of tolerance for employee education, employee competence, and employee working experiences are 0.638, 0.435 and 0.446. Based on data for value of tolerance there is no multicollinearity for these independent variables because the value of each tolerances are greater than 0.10. Furthermore, table 4.3 shows the appearance of multicollinearity, but it's considered as moderate for VIF value. Employee education, employee competence, and employee working experience are moderately correlated because value of VIF in range $1 < VIF < 5$ that are 1.567, 2.301 and 2.245.

4.2.3 Reliability Analysis

4.2.3.1 Pilot Test

As stated in chapter 3, pilot test was conducted in this study in order to examine the instrument of the study before distributing to the actual study. In this context, researcher takes 15 cooperatives as a sample for this analysis. The data was analyzed by using SPSS version 24. The result is shown in table 4.4.

Table 4.4. Reliability Result For Pilot Test

Variable	Number of Items	Pilot Test		
		Cronbach's Alpha	Result	Category
Employee Education	4	0.533	Reliable	Poor
Employee Competence	4	0.726	Reliable	Acceptable
Employee Working Experience	5	0.857	Reliable	Good
Organizational Performance	5	0.956	Reliable	Excellent

The result showed all items are accepted and reliable because the value of Cronbach's alpha is greater than 0.5. Based on categories provided by George and Mallery (2003), the result showed items in the employee competence has poor reliability with 0.533 for Cronbach's alpha, employee working experience is acceptable with 0.726, items under employee education is good with 0.857, then the organizational performance is excellent with 0.956.

4.2.3.2 Actual Study

After run reliability analysis for pilot test, researcher proceed with the same analysis for actual study. 100 respondents were participated in answering total of 118 questions regarding this topic. Thus, the result shown in table 4.5.

Table 4.5. Reliability Result for Actual Study

Actual Study				
Variable	Number of Items	Cronbach's Alpha	Result	Category
Employee Education	4	0.620	Reliable	Questionable
Employee Competence	4	0.701	Reliable	Acceptable
Employee Working Experience	5	0.768	Reliable	Acceptable
Organizational Performance	5	0.859	Reliable	Good

Researcher referred to table 4.5 to make analysis for this test. Based on table is shown all items in variables are reliable because the coefficient alpha is greater than 0.5. Employee education has a questionable category because the coefficient alpha is greater than 0.60 and organizational performance is considered good because greater than 0.80. Meanwhile, the employee competence and employee working experience have an acceptable coefficient alpha because their coefficients are greater than 0.70.

4.3 Descriptive Analysis

4.3.1 Demographic Profile of the Respondents

The study was divided demographic profile into two parts that are cooperative profile and the respondent profile. The cooperative profile is an information related to the cooperative's background and the respondent profile, it is a person who filled

up questionnaires. In this context, the head of cooperative is a person who filled up the questionnaire.

4.3.1.1 Cooperative Profile

In cooperative profile, researcher describes for the cooperative's background who participated in this study. The cooperative's profile describes what types of cooperative that they own, years of establishment, the total number of employees and the majority of educational background of the cooperative boards. The details of the analysis were identified by using frequency and percentage. Frequency refers to the number of time various subcategories of a certain phenomenon occur, from which the percentage and the cumulative percentage of their occurrence can easily calculated (Sekaran & Bougie, 2009). The result is shown in table 4.6.

Table 4.6. Cooperative Profile (N=100)

Item	Frequency	Percentage (%)
Types of Cooperatives		
Services	18	18
Credit	65	65
Consumer	12	12
Transport	2	2
Construction	3	3
Years of Establishment		
More than 39 years	4	4
38 – 29 years	17	17
28 – 19 years	23	23
18– 9 years	41	41
Less than 8 years	15	15

Table 4.6 (Continued)

Item	Frequency	Percentage %
Total Number of Members		
11 – 50	28	28
51 – 100	40	40
101 – 150	16	16
151 – 200	5	5
201 – 250	3	3
251 – 300	1	1
More than 301	7	7
Majority of Education background for Cooperative Board		
Junior High School	2	2
Senior High School	32	32
Bachelor of Degree	57	57
Master of Degree	9	9

The first, table 4.6 showed types of cooperatives which still exists in Pekanbaru city such as services, credit, consumer, transport, and construction. The highest percentage of these types is credit with 65%, the second highest is services with 18% then continues to the consumer with 12% then followed by construction and transport with 3% and 2%.

With regards of years of establishment, there are five categories were divided and the result as shown there are five ranges of the cooperative such as more than 39 years, 38 – 29 years, 28 – 19 years, 18 – 9 years and less than 9 years. Based on table above, the fourth category is 18 – 9 years becomes the most years of establishment for active cooperatives in Pekanbaru city with 41%, the third category is 28 – 19 years has 23%, 38 – 29 years and less than 9 years have similar

result which is 17% and 15%, the smaller percentage is more than 39 years with 4%.

The third is about the total number of members. The study divided total number of members in the cooperative into 8 categories which are less than 10, 11 – 50, 51 – 100, 101 – 150, 151 – 200, 201 – 250, 251 – 300 and more than 301. Based on table 4.6, most of the cooperatives have 51 until 100 members with 40%, then 11 – 50 have 28%, 101 – 150 is 16%. Furthermore, there is 7% for more than 301 of the total of the member in the cooperative. 151 – 200 with 5%, 201 – 250 is 3% and 251 – 300 is 1%.

The last part is the average education background. The result is shown specifically for a percentage of the majority of educational background. Based on table 4.6, majority of cooperative boards had bachelor of degree with 57%, the second level of it is senior high school with 32%, the third master of degree 9%, then 2% of junior high school and it is a last ranked education level for the cooperative boards in the cooperatives at Pekanbaru city.

4.3.2 Respondent's Profile

The second or last section is about the respondent profile. As mentioned early, the respondent profile is focused on a person who filled the questionnaire specifically, is the head of the cooperatives. Researcher describes the respondent profile into 5 parts which are age, gender, working experience, education background, and the years hold of the position. The result of this analysis is shown in table 4.7 below.

Table 4.7. Respondent's Profile (N=100)

Item	Frequency	Percentage (%)
Gender		
Male	50	50
Female	50	50
Age		
< 25	2	2
26 – 35	17	17
36 – 45	28	28
>46	53	53
Working Experience		
< 1 Year	8	8
2 – 5 Years	21	21
>6 Years	71	71
Education of Background		
Senior High School	29	29
Bachelor of Degree	60	60
Master of Degree	11	11
Years Hold of Position		
<1 year	11	11
2 – 5 years	54	54
> 6 years	35	35

The data showed male and female have equal percentage which is 50% for each gender. Additionally, in terms of respondent's age. As can be seen in table 4.7, researcher divided the age group into 4 categories. Referred to table above, the highest percentage for age category is more than 46 which is 53%, the second is in the range between 35 – 45 with 28%, followed by 26 – 35 with 17% and the lowest is less than 25 with 2% only.

Equally important on the table is working experience. The study also divided working experience into 3 categories that are less than 1 year, in the range between 2- 5 years, and more than 6 years. Referred to table 4.7, the highest percentage of these categories are more than 6 years with 71% and followed by in range between 2 – 5 years with 21% and the lowest is less than 1 year with 8%.

Furthermore, education background of the head is also important. In this study, researcher used 4 categories, namely, junior high school, senior high school, bachelor of degree and master of degree. However, the data shown 3 categories were fulfilled by respondents. Based on table 4.7, the highest percentage of the result is a bachelor of degree with 60% and followed by senior high school with 29%. Meanwhile, master of degree only represents by 11%.

In addition, the most important thing is the year of holds the position. The study used 3 categories in order to know how many years the head hold the position as the head of the cooperative. Most of them were holding their position in range 2- 5 years with 54% and followed by more than 6 years with 35%. The head of cooperatives with less than 1 year is only about 11%.

4.3.2 Central Tendency Analysis

The central tendency can be measured by using a value to represent a set of data (Piaw, 2013). The author suggests three measurements to measure the central tendency that are mean, median and mode. The data was collected by using five points Likert-scale model in order to make them conformable on answering the survey. In addition, table 4.8 below is designed to explain the mean, median, mode

and also added standard deviation result of this study. Table of the result is presented below.

Table 4.8. Descriptive Result

Variable	N	Mean	Median	Mode	Std Deviation
Employee Education	100	3.76	3.75	3.5	0.613
Employee Competence	100	3.89	4	4	0.483
Employee Working Experience	100	3.95	4	3.8	0.488
Organizational Performance	100	3.73	3.8	4	0.583

As shown table above, the value of mean for all variables in range 3.73 to 3.95. Employee working experience is the highest outcome for mean value. Besides that, the median's value in between 3.75 to 4.0. Referred to table 4.8, the employee competence and working experience were found have similar result for the median value which 4. Most of the respondents agreed that employee competence and working experience factor was high contribution to organizational performance. Furthermore, the result showed mode for all variable in range between 3.5 to 4. The lowest and highest variable is employee education and employee competence. In addition, the study provides standard deviation result and the result showed all variable in range between 0.48 to 0.61.

4.4. Inferential Analysis

4.4.1 Factor Analysis

As mentioned in previous chapter 3, researcher begins to identify KMO for each variable, anti-image matrix, total variance explained and principal component analysis. In analyzing the items, researcher begins to check KMO value for items in each variable. This is done by analyzing the anti-image correlation value with a "a square". However, if the value of a square is lower than 0.4 then the identified items need to be deleted. Later, the cumulative variance must be identified in order to determine the level which items are being spread out in each dimension. The higher the cumulative variance, the better in each variable the correlation between items. In the following section is a result of factor analysis for each variable in this study.

4.4.1.1 Factor Analysis for Employee Education

Table below shows the KMO value is 0.700 with highly significant of 0.000. The KMO results show the value is high, then there is no need to conduct factor analysis loading. Researcher identified items with the eigenvalues 1 and has submitted 4 items in the factor analysis. All items have 0.40 and above for the 'a – square is defined as acceptable. Thus, the result of KMO analysis, it presented in the table below.

Table 4.9. KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy		0.700
Bartlett's Test of Sphericity	Approx. Chi-Square	73.390
	Df	6
	Sig.	0.000

As can be seen in table 4.10, the result of principal component analysis shows only one component with the total of an eigenvalue is 2.1 and the cumulative eigenvalue is 52.67% (Refer to Appendices H). The other components have the total eigenvalue is less than 1. Furthermore, the value for each items accordance to principal component analysis are 0.515 for the first item, 0.785 for the second item, 0.831 for the third item and 0.730 for the last item. In the next section, researcher conducts factor analysis for the second variable which is employee competence.

Table 4.10. Principal Component Analysis

Items	Component 1
Employee Education 1	0.517
Employee Education 2	0.785
Employee Education 3	0.831
Employee Education 4	0.730

4.4.1.2 Factor analysis for Employee Competence

Table 4.11 presented the KMO's value is close to 1 which is 0.719 with a highly significant of 0.000. It concluded the value is high, then it also no need to conduct factor analysis loading because 'a – square for all items are defined as acceptable where the outcome showed 0.40 and above for their value. Researcher has identified the item similar to the first variable with total eigenvalue is greater than 1 and has submitted 4 items in the factor analysis. The result of KMO is presented in the table below

Table 4.11. KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy		0.719
Bartlett's Test of Sphericity	Approx. Chi-Square	76.483
	Df	6
	Sig.	0.000

In analyzing items using principal component analysis, is presented in table below. As can be seen in table 4.12, the result showed only one component has total eigenvalue that greater than 1. The total of an eigenvalue is 2.16 with 53.95% of the cumulative eigenvalues (Refer to Appendices H). The rest of the components have less than 1 for the total eigenvalue. The value for each item is 0.557, 0.800, 0.803 and 0.750. In the next section, researcher conducts factor analysis for the third variable which is employee working experience.

Table 4.12. Principal Component Analysis

Items	Component 1
Employee Competence 1	0.557
Employee Competence 2	0.800
Employee Competence 3	0.803
Employee Competence 4	0.750

4.4.1.3 Factor Analysis for Employee Working Experience

The result showed that a value of the KMO is close to 1 which is 0.769 with a sig. out of 0.000. It is considered the value is high, thus the loading factor is not necessary because all items with 0.40 and above are defined as accepted for the 'a – square. The outcome was identified the items by submitting five items to the

factor analysis and only one factor has a greater than 1. Therefore, KMO's result is shown in table below.

Table 4.13. KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy		0.769
Bartlett's Test of Sphericity	Approx. Chi-Square	128.855
	Df	10
	Sig.	0.000

As shown in table below, the result of principal component analysis is presented and only one component has a total eigenvalue greater than 1. The total eigenvalue for this component is 2.68 and 53.56 % of cumulative (Refer to Appendices H). The study used principal component analysis in table below to analyze the items. The outcome is shown all items are higher than 0.40 that are 0.772, 0.653, 0.728, 0.715 and 0.784. It can be concluded all items are considered acceptable. Furthermore, in following section, researcher conducts factor analysis for a dependent variable which is organizational performance.

Table 4.14. Principal Component Analysis

Items	Component 1
Employee Working Experience 1	0.772
Employee Working Experience 2	0.653
Employee Working Experience 3	0.728
Employee Working Experience 4	0.715
Employee Working Experience 5	0.784

4.4.1.4 Factor Analysis for Organizational Performance

In this section, researcher identified factor analysis for the dependent variable. The procedure is similar as analyzing the factor for the independent variable. The analysis started with KMO for the item under the organizational performance variable. As stated earlier, the high value of KMO close to 1 was deemed suitable for analysis. The minimum load factor of 0.4 anti-image is required for any item to be included in any factor and the individual value must be higher than 1. The results of the KMO are shown in the table below.

Table 4.15. KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy		0.785
Bartlett's Test of Sphericity	Approx. Chi-Square	231.958
	Df	10
	Sig.	0.000

The table above indicates that the KMO value is close to 1 which is 0.785 with a sig. 0.000. It shows the value is high, so it is not necessary to load the factor analysis. Researcher identified the items with value is greater than 1 and submitted five items in the analysis of the factor. All items with 0.40 and above are defined as 'a – square 'accepted. Use the principal component analysis to analyze items in the table below.

Table 4.16. Principal Component Analysis

Items	Component 1
Organizational Performance 1	0.805
Organizational Performance 2	0.781
Organizational Performance 3	0.801
Organizational Performance 4	0.807
Organizational Performance 5	0.811

The table is shown the dependent variable has one component with the total eigenvalue 3.21 and 64.2 % for the cumulative eigenvalues (Refer to Appendices H). The other components have less than 1 for their total eigenvalue. As a rule, to create new factor the total eigenvalues must be greater than 1. The value of each item as can be seen in above that are 0.805 for the first item, 0.781 for the second item, 0.801 for the third item, 0.807 for the fourth item and the last item is 0.811.

4.4.2 Reliability Analyses after conducting factor analysis.

In this section, researcher conducts a reliability test for items in each after performed factor analysis. The rule of thumb for this analysis is similar to previous test on reliability analysis for pilot and actual study. The outcome of this analysis is presented below.

Table 4.17. Reliability Analyses After Conducting Factor Analysis

Factor Analysis				
Variable	Number of Items	Cronbach's Alpha	Result	Category
Employee Education	4	0.620	Reliable	Questionable
Employee Competence	4	0.701	Reliable	Acceptable
Employee Working Experience	5	0.768	Reliable	Acceptable
Organizational Performance	5	0.859	Reliable	Good

Table 4.17 showed the result of reliability analysis before and after conducting factor is similar. There are no differences in the coefficient of Cronbach's alpha. The coefficient alpha for employee education is 0.620 means questionable, employee competence and employee working experience are 0.701 and 0.768 consider acceptable and good for the dependent variable is an organizational performance with 0.859 for the Cronbach's alpha. Later, researcher continues to examine the Pearson correlation for these variables in the following section.

4.4.3 Pearson Correlation Analysis

The rules suggested by Piaw (2013) was used as guideline for this study to identify the strength of the correlation coefficient value. The result of this analysis is presented in table below.

Table 4.18. Pearson Correlation Coefficient Analysis

Construct	EE	EC	EWE	OP
EE	1			
EC	0.566**	1		
EWE	0.551**	0.725**	1	
OP	0.392**	0.481**	0.345**	1

**Correlation is significant at level 0.01

Table 4.18 above showed that most of variables are correlating significantly to each other with the probability result smaller than 0.01 which is 0.000. Besides that, the output of table shows all independent variables to the dependent variable is considered weak correlation because of the result of coefficient values in the range between 0.31 to 0.50. The coefficient for employee education, employee competency and employee working experience to the organizational performance are ($r = 0.392$, $p < 0.01$), ($r = 0.481$, $p < 0.01$) and ($r = 0.345$, $p < 0.01$).

Interestingly, the correlation among independent variable is considered average or medium because all of coefficients in a range between 0.51 to 0.71 such as employee education to employee competence is 0.566 and employee working experience to the employee education and employee competence are 0.551. However, the correlation between employee competence and employee working experience is considered strong because in the range between 0.71 to 0.90. As result, all variables have a correlation to each of them.

4.4.4 Multiple Linear Regression Analysis

4.4.4.1 Multiple Regression Analysis For Independent Variables With Organizational Performance.

According to Piaw (2013), multiple regression is used to identify a change in two or more factors (independent variables) which contribute to change dependent variables. In this study, there are 3 independent variables that are employee education, employee competence, and employee working experience. The outcome of this analysis is presented in the table below.

Table 4.19. Multiple Regression Result

Construct	Beta (β)	T Value	Sig level
EE	0.189	1.711	0.090
EC	0.419	3.130	0.002
EWE	-0.62	-.470	0.640

The result of multiple regression is presented for this population (n=100) with the

$R^2 = 0.254, F = 10.879, \text{Sig} = 0.01, **P < 0.01, t_{100} > 2.364$

(R square = 0.254). Furthermore, as can be seen in above table, there is a significant relationship between employee competence with organizational performance at $p < 0.01$ (Sig.= 0.002, $t=3.130$, $\beta=.419$). However, the result of multiple regression also showed that employee education (Sig.= 0.090, $t=1.711$, $\beta=.189$) and working experience (Sig.= 0.640, $t= -.470$, $\beta= -0.62$) were found insignificant relationship to the organizational performance because their significance level is greater than 0.01 and T value is smaller than 2.364. Thus, employee competence is main factor that contributes to the performance of this organization.

4.5 Hypotheses Result

Researcher develops hypotheses to respond to study's research objectives. Based on the result of multiple linear regression, researcher found there is a significant relationship between employee competence with the organizational performance. Moreover, researcher also provides a result for the hypotheses of this study and is presented in table below. The table indicates only one hypothesis is supported or accepted while the rest is rejected.

Table 4.20. Hypothesis Result

	Hypotheses	Result
H1	There is a significant relationship between employee education and organizational performance	Rejected
H2	There is a significant relationship between employee competence and organizational performance	Accepted
H3	There is a significant relationship between employee working experience and organizational performance	Rejected

4.6 Chapter Summary

In this chapter, researcher discussed analyses like normality test, multicollinearity test, reliability test, factor analysis, reliability test after conducting factor analysis, Pearson correlation, multiple linear regression and also hypotheses testing. The findings found that employees competence has a significant relationship to organizational performance. Moreover, all variables are correlated or have a relationship with each other.

The relationship of variables is considered weak and the only certain variables have an average and strong relationship. Based on the hypothesis result, it is shown only

one variable is accepted for this study which is employee competence. Detail discussion on data findings will expressed in chapter 5 with referring to past studies' finding contribution.



Chapter 5. Discussion and Conclusion

5.0 Introduction

This chapter is intended to discuss the analysis result. Specifically, this chapter covers several topics that include finding summary, discussion of the outcome, implication, and also study limitation. Moreover, this chapter includes researcher's ideas as recommendation and conclusion. Researcher adapts the hypotheses results in previous chapter to extend the discussions in this topic coverage. As stated previously, the study examines the relationship between human capital and organizational performance specifically at the cooperative organization, 100 in Pekanbaru City as a population sample.

5.1 Summary Of Finding

In this study, researcher has been developed research objectives that are to be seen if there is any significant relationship between each independent variable and dependent variables. To identify significant relationships for these variables, Aryee, Chay and Tan (1994); Carmeli and Tishler (2004b, 2004a) and Ramli, Poespowidjojo and Shakir (2014) proposed 3 dimensions of human capital that are employee education, employee skills, and employee work experience. The dimensions were examined by factor analysis and no additional factor or dimension of this study exists as a result.

In addition, a Pearson–Correlation analysis was conducted to measure the relationship between variables. The result is shown to have a positive relationship between all independent variables and the dependent variable. Due to the correlation coefficient in a range between 0.31 and 0.50, the correlation

for independent variables to the dependent variable is considered weak. Researcher also found that the correlation between independent to independent variables is much better than the independent variable to the dependent variable by conducting this analysis. The coefficient of correlation between 0.51 and 0.70 and 0.71 to 0.90.

Furthermore, researcher also develops an outcome of the hypothesis to answer the research question. Researcher analyzed data using multiple linear regression analysis to answer the question of the hypothesis and objectives for this study. The result shows that there is only one independent variable has significant relationship to predict dependent variable. The independent variable itself is employee competence because the level of significance of this variable is less than 0.01. The rest of independent variable found to be insignificant in predicting organizational performance.

Researcher also responds to the hypotheses and goals of the research by using multiple linear regression data. The result of the hypothesis is shown that only one variable is accepted and the rest is rejected. By using multiple linear regression, researcher also able to answer the objective of the study, found the competence of the employee has a significant relationship to the organizational performance. In addition, researcher describes the discussions for the outcome of this study in following sub-section.

5.2 Discussion Of The Result

5.2.1 The Relationship Between Human Capital And Organizational Performance

In this subsection, researcher will discuss on overall outcome of human capital. The aim of this study is to identify the relationship between human capital and organizational performance in Pekanbaru City, Indonesia cooperative. The result shows a positive relationship between human capital and organizational performance. The outcome of this study is considered consistent, where there is a positive relationship found between human capital and organizational performance with the outcome of Crook et al., (2011) and Tessema (2014) study. In addition, the following section will discuss the outcome with an organizational performance for each dimension of human capital.

5.2.1.1 Employee Education And Organizational Performance

The outcome of multiple linear regression shows the employee education has an insignificant relationship to organizational performance. However, the relationship between employee education to organizational performance is found positive but weak correlation. As can be seen in the result of the demographic analysis, 9% of the cooperative board or employees have a master's degree as their last educational background and a bachelor's degree is 57%, but for senior high school is only 24%. Interestingly, some of them had the knowledge or have been taken up a subject related to the cooperative such as accounting or cooperative itself.

The result of this study is found to be inconsistent with a previous studies (Darmadi, 2013; Magoutas et al., 2012) which is the employee education as a human capital dimension has a positive but insignificant relationship with organizational performance. According to Darmadi (2013), education level of board member especially on postgraduate and top ten graduates–university degrees held by BOC have a positive and significant correlation with ROA or

the financial performance of listed Indonesian companies. Besides that, the study conducted in Greek manufacturing, the educational level of human resource was found a significant relationship to the growth path of Greek enterprises (Magoutas et al., 2012).

The possible reason is due to Indonesia's culture. People in Indonesia showed lack of awareness related to education because the data showed 24% of respondents had senior high school as their last educational background. The might possible assumption is some of cooperative boards where worked in the government sector and also as a housewife. When creating or establishing a cooperative within the workplace, the background of education does not become the main requirement for making a job particularly in cooperative itself.

In addition, researcher applies cross-sectional study by conducting an interview session with intention to gain more information related to respondent's educational experience and found that respondents were not exposed to adequate training to perform their tasks. The training or seminar is provided once in a year and focusing on basic knowledge such as on how to make an annual report. The government does not provide on how to develop the organization. Consequently, this organization's performance was unable to compete with other organizational types in Indonesia

5.2.1.2 Employee Competence And Organizational Performance

The employees' competence is measured specifically on the skill and knowledge of the cooperative board. The survey showed that the employee had high skills and knowledge to perform the job and contributed to the organization's performance. The competence of the employee in this study is a main factor or

dimension of human capital which has contributed to the organizational performance greater than other dimensions. The skilled employees as fundamental on the performance and success for any organization and also how the organization able to manage their resource to become more effective and efficiently (Osei & Ackah, 2015).

Interestingly, the result of the hypotheses shows a positive and significant relationship between employee competence and organizational performance. The result is found consistent with a previous studies (Elbaz et al., 2018; Osei & Ackah, 2015). Osei and Ackah (2015) found a positive relationship to the organizational performance specifically in the pharmaceutical company on employee competence. On the other hand, Elbaz, Haddoud, and Shehawy (2018) found strong relationship between employee competence and organizational performance specifically performed in travel agent.

The reason is the cooperative boards or employee is selected based on their competency. They are selected during the annual meeting, by this time the member looked for the candidate based on their ability and capability to performing a job related or not related to the cooperative. The member conducts a democracy approach by using a voting method in order to choose the cooperative board. The pro in implementing this approach is that the organization may occupy the right person for the right position.

Additionally, the interested of the cooperative board and employee to perform better make the organization able to increase the performance of the organization. They are able to implement the skill and knowledge that they have

to the organization. As a consequence, employee competence has a significant relationship with organizational performance.

5.2.1.3 Employee Working Experience And Organizational Performance

Based on the hypotheses result, the study was found the employee working experience has an insignificant relationship to the organizational performance. As can be seen in the result of multiple linear regression analysis, this variable has beta value of -0.62 and high significance level which is 0.642 means greater than 0.01. Meanwhile, the data of demographic showed that 71% of them had been working for more than 6 years and that 21% had been working for 2-5 years in their office. The result also showed that they had more work experience, but only 35% of them held more than 6 years and 54% for 2-5 years in the cooperative for their position. It can be concluded, most of them had experience with their position and job within their workplace, and also in the cooperative itself.

Furthermore, the result is considered inconsistent with previous studies (Castro & Sápez, 2008; Kotur & Anbazhagan, 2014; Urban & Kongo, 2015). The previous studies show the working experience is the most influential factor in the performance of the organization which suggested by Castro & Sápez (2008). The high level of industry experiences becomes a strength for being competition within the industry. The experience that they have able to assist them in making the job to be easier because the job was familiar for them.

However, the reality of this study is different. Most of them worked in the government sector and housewife. In fact, their experience does not really affect the organization's performance. The possible reason is an experience that they

have, it did not really relate to their current job within the cooperative. as can be seen in respondent's profile. The result show they were working for a long time in their main job such as in the government sector. The task in government sector is to provide good services to the citizen then no need to develop their performance, however, that is dissimilar within the cooperative organization. As stated early, the objective of cooperative is to advance the member's welfare. As consequences, they have to think on how to develop performance in order to enhance the performance of the cooperative.

Another reason is the government does not provide suitable knowledge to the cooperative board. As mentioned earlier, government only provide once in a year and the term of duration also very short, which the period of one to three days is insufficient. The short duration of training made them unable to gain more knowledge and also unable to make them really familiar with their job in the cooperatives. As a result, this variable has a negative value on the organization's performance and also has an insignificant relationship to the organization's performance.

5.3 Limitation Of The Study

In this study, while conducting the study, researcher has some limitations. The first concerns of the duration of data collection to gain more detail about the situation within this organization. Researcher also used cross-sectional study, that is interview method is included as one of the types of survey in this study. During that time, there is only certain respondent wants to provide the details information of the cooperatives. Thus, researcher did not get more detail related to the information within this organization.

The second is about the lack of awareness of participating in this study by the cooperative boards or employees. Some potential respondents reject to be part in this study, with the reason lack of time to complete the questionnaire and other reasons. As a consequence, researcher was unable to obtain information from 118 respondents and received only 100 questionnaires. The third is related to the variable in this study. The study found the R^2 of this study is 0.254. It means, there is needed some additional variable to get good or full R^2 for this organization. Mentioned limitation are the difficulties found by researcher in completing this study to the next level.

5.4 Implication Of The Study

5.4.1. Body Of Knowledge

The finding of this study may use for further research and enhance the body literature. The human capital dimension has been used in public and private organizations on Israel's local government (Carmeli & Tishler, 2004b), Israel's industrial enterprises (Carmeli & Tishler, 2004a), and Malaysia's manufacturing warehouse (Ramli et al., 2014). Therefore, this study is conducted in a different setting. As a result, the study can be used as additional knowledge or information where conducted in Pekanbaru City, Riau Province Indonesia.

5.4.2. Practitioner

Here, the study found three dimensions of human capital show a positive relationship to the organizational performance specifically at the Pekanbaru City cooperative and the skill of the employee as the most important dimension or factor in influencing the organization's performance. However, the

competence of the employee plays a significant role in the cooperative's performance in Pekanbaru city. Thus, by providing this study to the practitioner or head of each cooperative, may create awareness on importance of training to employees that consequently may lead to acquire better performance results.

In addition, by providing this result to the practitioner. The expectations of the researcher regarding the recruitment and selection of the cooperative board or employee, such as educational background and work experience, must be carefully checked. Because this requirement has a positive impact on the organization's performance but currently still no really influence. The researcher believes by having the right employee in the right position can affect the organization's performance itself and able to contribute to the high contribution of the country's GDP.

5.4.3 Government

Researcher received some comments from respondents regarding the government's participation in improving the cooperative's performance in this city. The result showed that the government lacks concern and involvement in improving the performance of the cooperative. For example, the government's employee just visits the cooperative once a year. They came to attend the annual meeting. Other than that, there are 13 areas in this city and handled by one person for each area. So, it showed the participation of the government is very poor.

As consequences of the lack of concern and participation of the government, results in poor performance. As a foundation to enhance the performance of the cooperative, respondents request government bodies to be able in contribute and

assist them to improve their performance by providing more seminars, consultations and also increase the number of employees for each area in order to be more effective and efficient.

5.5 Recommendation

5.5.1 Future Study

Researcher has few suggestions for further study in this area because researcher saw a new gap and needs to be seen in order to obtain complete information from these organizations. The first suggestions are to use more variable or resources within this organization, such as the participation of government, training, and development, capital and others. Secondly, future research may conduct at Riau province of Indonesia as there are huge number of cooperatives were actively operating.

5.6 Conclusion

Every organization has a similar objective which is to enhance their performance. However, in literature many factors were influencing performance of organization, such as human capital. Human capital as the main resource which plays a role in managing and controlling for the performance within the organization. In reality, most of the big organization able to recruit and select the right person in the right position.

Furthermore, researcher agrees on human capital as a main resource within the organization. As a result of the study, all dimensions of human capital showed a positive relationship to organizational performance. However, employee competence has found a significant relationship with organizational

performance. In this study, the competence of the employee able to bring the cooperative to sustain their performance. As stated early, the ability of human capital must be developed by conducting some training and seminar, because the reality is seminar and training were conducted by the government are not really efficient.

There are two possible causes leads to problems occurred practically, government and human capital. The government has provided with many rules in order to make cooperatives better. However, practically, the rules do not really effective because of the needed of cooperatives is participation of the government such as provides more training and seminar are related on developing their business. Other than that, as a result of the study showed most of the cooperative boards and employee do not have proper education and experience related to the job. Based on the result, the performance of cooperative depends on the competence of the employee. Thus, by providing this study to government and practitioner, it might be able to solve and reduce their issues related to this organization. As result, the study was achieved the research question and objective through Pearson coefficient correlation and multiple linear regression analysis.

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Appendices

Appendices A. Questionnaires

Part A: Demographic

Bagian A: Demografis

For each of the following questions, the respondents need to choose and tick one of the five criteria for answering the question. Please answer all questions objectively and as honest as possible.

Untuk setiap pertanyaan dibawah, respondent perlu memilih and memberi tanda pada salah satu dari lima kriteria untuk menjawab pertanyaan. Harap menjawab semua pertanyaan secara objektif dan sejujur mungkin.

I. Cooperative's Background / Latar Belakang Koperasi

1. Name Of Cooperative : _____
(Nama Koperasi)

2. Types Of Cooperative : _____
(Tipe Koperasi)

- | | |
|--|--|
| ☐ Services / Jasa | ☐ Transport / Angkutan |
| ☐ Credit / Kredit | ☐ Construction / Konstruksi |
| ☐ Consumer / Konsumen | ☐ Industry / Industri |
| ☐ Agriculture / Pertanian | ☐ Others (Please Specify) _____ |

3. Years Of Establishment : _____
(Tahun Pembentukan Koperasi)

4. Total Number Of Member : _____
(Jumlah Anggota)

- | | | |
|-----------------------------------|------------------------------------|------------------------------------|
| ☐ < 10 | ☐ 101 – 150 | ☐ 251 – 300 |
| ☐ 11 – 50 | ☐ 151 - 200 | ☐ > 300 |
| ☐ 51 – 100 | ☐ 201 – 250 | |

5. Total Number Of Cooperative board: _____
(Jumlah Pengurus Koperasi)

☐ < 10 ☐ 11 – 50 ☐ 51 – 100

6. Majority of Education Background : _____
Of Cooperative board
(Rata Rata Latar Pendidikan
Pengurus koperasi)

- ☐ Junior High School / Sekolah Menengah Pertama
☐ Senior High School / Sekolah Menengah Atas
☐ Bachelor Of Degree / Sarjana Strata 1
☐ Master Of Degree / Sarjana Strata 2

II. Respondent's Background / Latar Belakang Termohon

1. Gender : _____
(Jenis Kelamin)

- ☐ Male / Laki – Laki
☐ Female / Perempuan

2. Age (Years) : _____
Umur (Tahun)

- ☐ < 25
☐ 26 - 35
☐ 36 – 45
☐ > 46

3. Working Experiences : _____
(Pengalaman Bekerja)

- ☐ < 1 Year
☐ 2-5 Years
☐ > 5 Years

4. Education's Background : _____
(Latar Belakang Pendidikan)

- ☐ Junior High School / Sekolah Menengah Pertama
☐ Senior High School / Sekolah Menengah Atas
☐ Bachelor Of Degree / Sarjana Strata 1
☐ Master Of Degree / Sarjana Strata 2

5. Years Hold The Position : _____
(Tahun Memegang Posisi)

- ☐ < 1 Year
☐ 2-5 Years
☐ > 5 Years

Part B: Human Capital Dimension

Part B: Dimensi Sumber Daya Manusia

In this part, the respondents need to answer questions which suitable with the human capital condition within the organization. The answers consist of 5 columns which is one (1) strongly disagrees, (2) Disagree (3) Neutral (4) Agree and five (5) strongly agree and Please answer all questions objectively and as honest as possible.

Pada bagian ini, respondent perlu menjawab pertanyaan yang sesuai dengan kondisi sumber daya manusia yang ada pada organisasi. Jawaban terdiri atas 5 kolom yang mana (1) adalah sangat tidak setuju, (2) Tidak Setuju (3) Netral, (4) Setuju dan (5) adalah sangat setuju dan diharapkan menjawab semua pertanyaan secara objektif dan sejujur mungkin.

Strongly disagree / Sangat Tidak setuju	Disagree / Tidak setuju	Neutral / Neutral	Agree / Setuju	Strongly Agree / Sangat Setuju
1	2	3	4	5

No	Statement/ Pernyataan	1	2	3	4	5
1	Cooperative board have a suitable education to fulfill the job.					

	Pengurus Koperasi memiliki Pendidikan yang sesuai untuk mengerjakan suatu pekerjaan					
2	Cooperative board are well trained. Pengurus Koperasi telah terlatih					
3	Cooperative board is well skilled professionally to accomplish their job. Pengurus Koperasi terampil secara profesional untuk menyelesaikan pekerjaan mereka					
4	Cooperative board well InControl about their selves. Pengurus Koperasi dengan baik Mengontrol tentang diri mereka					
5	Cooperative board are better than other in doing the job Pengurus Koperasi lebih baik dibandingkan yang lain saat melakukan pekerjaan					
6	Cooperative board have a better skill in solving problem related to the job Pengurus Koperasi memiliki skill yang baik dalam menyelesaikan masalah berkaitan dengan pekerjaan					
7	Cooperative board have a better Knowledge in solving problem related to the job Pengurus Koperasi memiliki pengetahuan yang baik dalam menyelesaikan masalah berkaitan dengan pekerjaan					
8	Cooperative board always have an answer related to the job/ task Pengurus Koperasi selalu mempunyai jawaban untuk pekerjaan atau tugas					
9	Cooperative board have self-motivation in perform the job well					

	Pengurus Koperasi memiliki motivasi diri dalam melakukan pekerjaan dengan baik					
10	Cooperative board hold suitable work experience for accomplishing their job successfully Pengurus Koperasi memiliki pengalaman kerja yang cocok untuk menyelesaikan pekerjaan mereka dengan sukses					
11	Cooperative board feel thoroughly familiar with the job within the working hours Pengurus Koperasi merasa sangat akrab dengan pekerjaan dalam jam / waktu kerja					
12	Mastering their jobs meant a lot to cooperative board Menguasai pekerjaan mereka sangat berarti bagi Pengurus Koperasi					
13	Cooperative board able to complete the job their daily task / jobs due to their past experience Pengurus Koperasi mampu menyelesaikan pekerjaan tugas / pekerjaan sehari-hari mereka karena pengalaman masa lalu mereka					

Part C: Organizational Performance

Bagian C: Kinerja Organisasi

In this part, the respondents need to answer questions which suitable with the organization condition. The answers consist of 5 columns which are (1) is Not Very Well, (2) is Not Well, (3) Neutral, (4) Well and (5) is Very Well and Please answer all questions objectively and as honest as possible.

Pada bagian ini, respondent perlu menjawab pertanyaan yang sesuai dengan kondisi pada organisasi. Jawaban terdiri atas 5 kolom yang mana (1) adalah sangat tidak baik, (2) tidak baik (3) Netral, (4) Baik and (5) adalah sangat baik dan diharapkan menjawab semua pertanyaan secara objektif dan sejujur mungkin.

Not Very well / Sangat Tidak Baik	Not well / Tidak Baik	Neutral / Neutral	Well / Baik	Very Well / Sangat Baik
1	2	3	4	5

NO	Statement / Pernyataan	1	2	3	4	5
1	Profit Growth Peningkatan keuntungan					
2	Sales Growth Peningkatan Penjualan					
3	After – Tax return on Asset Tingkat Pengembalian Aset / Modal setelah dipotong pajak					
4	After – Tax return on Sales Tingkat Hasil Penjualan Setelah dipotong Pajak					
5	Overall Cooperative Performance Kinerja koperasi secara keseluruhan					

Thank You For Taking The Time To Complete This Questionnaire
Terima Kasih Telah Meluangkan Waktu Untuk Mengisi Kuesioner Ini

Appendices B. UUM Letter Of Data Collection



OTHMAN YEOP ABDULLAH GRADUATE SCHOOL OF BUSINESS
Universiti Utara Malaysia
06010 UUM SINTOK
KEDAH DARUL AMAN
MALAYSIA



Tel: 604-928 7101/7113/7130
Faks (Fax): 604 928 7160
Laman Web (Web): www.oayagsb.uum.edu.my

UUM/OYAGSB/R-4/4/1
13 January 2019

TO WHOM IT MAY CONCERN

Dear Sir/Madam

DATA COLLECTION

COURSE: Research Paper
COURSE CODE: BPMZ69912
LECTURER: Assoc. Prof. Dr. Mohd Faizal Bin Mohd Isa

This is to certify that the following is a postgraduate student from the OYA Graduate School of Business, Universiti Utara Malaysia. He is pursuing the above mentioned course which requires him to undertake an academic study and prepare an assignment. The details are as follows:

NO.	NAME	MATRIC NO.
1.	Fakhri Rabialdy	822971

In this regard, I hope that you could kindly provide assistance and cooperation for him to successfully complete the assignment given. All the information gathered will be strictly used for academic purposes only.

Your cooperation and assistance is very much appreciated.

Thank you.

"BERKHIDMAT UNTUK NEGARA"
"KEDAH AMAN MAKMUR – HARAPAN BERSAMA MAKMURKAN KEDAH"
"ILMU, BUDI, BAKTI"

Yours faithfully


ROZITA BINTI RAMLI
Assistant Registrar
for Dean

Othman Yeop Abdullah Graduate School of Business

c.c - Student's File (822971)

Universiti Pengurusan Terkemuka
The Eminent Management University



Appendices B. Dinas Penanaman Modal Dan Pelayanan Terpadu Satu Pintu, Pemerintah Provinsi Riau



PEMERINTAH PROVINSI RIAU DINAS PENANAMAN MODAL DAN PELAYANAN TERPADU SATU PINTU

Gedung Menara Lancang Kuning Lantai I & II Komp. Kantor Gubernur Riau
Jl. Jenderal Sudirman No. 460 Telp. (0761) 39119 Fax. (0761) 39117, PEKANBARU
Email : dpmpstsp@riau.go.id Kode Pos : 28126

REKOMENDASI

Nomor : 503/DPMPSTSP/NON IZIN-RISET/17509
T E N T A N G



PELAKSANAAN KEGIATAN RISET/PRA RISET DAN PENGUMPULAN DATA UNTUK BAHAN TESIS

Kepala Dinas Penanaman Modal dan Pelayanan Terpadu Satu Pintu Provinsi Riau, setelah membaca Surat Permohonan Riset dari : **Assistant Reggistrar Universiti Utara Malaysia, Nomor : UUM/OYAGSB/R-4/4/1 Tanggal 13 Januari 2019**, dengan ini memberikan rekomendasi kepada:

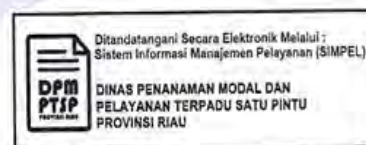
- | | |
|----------------------|---|
| 1. Nama | : FAKHRI RABIALDY |
| 2. NIM / KTP | : 822971 |
| 3. Program Studi | : MASTER OF HUMAN RESOURCE MANAGEMENT |
| 4. Konsentrasi | : MASTER OF HUMAN RESOURCE MANAGEMENT |
| 5. Jenjang | : S2 |
| 6. Judul Penelitian | : The relationship Between Human Capital an Organizational Performance; Empirical Study at Cooperative in Pekanbaru City, Indonesia |
| 7. Lokasi Penelitian | : KOPERASI DI KOTA PEKANBARU |

Dengan Ketentuan sebagai berikut:

1. Tidak melakukan kegiatan yang menyimpang dari ketentuan yang telah ditetapkan yang tidak ada hubungan dengan kegiatan ini.
2. Pelaksanaan Kegiatan Penelitian dan Pengumpulan Data ini berlangsung selama 6 (enam) bulan terhitung mulai tanggal rekomendasi ini dibuat.

Demikian Rekomendasi ini diberikan agar dapat digunakan sebagaimana mestinya dan kepada pihak yang terkait diharapkan untuk dapat memberikan kemudahan dan membantu kelancaran kegiatan Penelitian dan Pengumpulan Data ini dan terima kasih.

Dibuat di : Pekanbaru
Pada Tanggal : 17 Januari 2019



Tembusan :

Disampaikan Kepada Yth :

1. Kepala Badan Kesatuan Bangsa dan Politik Provinsi Riau di Pekanbaru
2. Walikota Pekanbaru
- Up. Kaban Kesbangpol dan Linmas di Pekanbaru
- ③ Assistant Reggistrar Universiti Utara Malaysia di Malaysia
4. Yang Bersangkutan

Appendices C. Dinas Badan Kesatuan Bangsa Dan Politik Kota Pekanbaru



PEMERINTAH KOTA PEKANBARU BADAN KESATUAN BANGSA DAN POLITIK JL. ARIFIN AHMAD NO 39 TELP. – FAX : (0761) 39399 PEKANBARU



REKOMENDASI PENELITIAN

Nomor : 071/BKBP-REKOM/2019/203

232018

- a. Dasar : Peraturan Menteri Dalam Negeri Nomor 64 Tahun 2011 Tentang Pedoman Penerbitan Rekomendasi Penelitian.
- b. Menimbang : Rekomendasi dari Kepala Dinas Penanaman Modal dan Pelayanan Terpadu Satu Pintu Provinsi Riau, nomor 503/DPMTSP/NON IZIN-RISET/17509 tanggal 17 Januari 2019, perihal pelaksanaan kegiatan Penelitian Riset/Pra Riset dan pengumpulan data untuk bahan Skripsi.

Kepala Badan Kesatuan Bangsa dan Politik Kota Pekanbaru memberikan Rekomendasi kepada :

1. Nama : **FAKHRI RABIALDY**
2. NIM : **822971**
3. Fakultas : **ASSISTANT REGISTRAR UNIVERSITI UTARA MALAYSIA**
4. Jurusan : **MASTER OF HUMAN RESOURCE MANAGEMENT**
5. Jenjang : **S2**
6. Judul Penelitian : **THE RELATIONSHIP BETWEEN HUMAN CAPITAL AND ORGANIZATIONAL PERFORMANCE; EMPIRICAL STUDY AT COOPERATIVE IN PEKANBARU CITY, INDONESIA**
7. Lokasi Penelitian : **DINAS KOPERASI DAN UMKM KOTA PEKANBARU**

Dengan ketentuan sebagai berikut :

1. Tidak melakukan kegiatan yang menyimpang dari ketentuan yang telah ditetapkan yang tidak ada hubungan dengan kegiatan Riset/Pra Riset/ Penelitian dan pengumpulan data ini.
2. Pelaksanaan kegiatan Riset ini berlangsung selama 2 (dua) bulan terhitung mulai tanggal Rekomendasi ini dibuat.
3. Berpakaian sopan, mematuhi etika kantor/lokasi penelitian, bersedia meninggalkan photo copy Kartu Tanda Pengenal.
4. Menyampaikan hasil Riset 1 (satu) rangkap kepada Badan Kesatuan Bangsa dan Politik Kota Pekanbaru sesuai pasal 23 PERMENDAGRI No.64 Tahun 2011.

Demikian Rekomendasi ini dibuat untuk dipergunakan sebagaimana mestinya.

Pekanbaru, 17 Januari 2019

a.n. KEPALA BADAN KESATUAN BANGSA
DAN POLITIK KOTA PEKANBARU

SEKRETARIS

H. MAISCO, S.Sos, M.Si
NIP. 19740514 199403 1 007

Tembusan

Di Sampaikan Kepada Yth :

1. Assistant Registrar Universiti Utara Malaysia di Malaysia
2. Yang Bersangkutan

Appendices D. Dinas Koperas Dan UKM Kota Pekanbaru



PEMERINTAH KOTA PEKANBARU
DINAS KOPERASI, USAHA KECIL DAN MENENGAH
Jl. Teratai No. 83 Telp. (0761) 21462 - Fax 21462
PEKANBARU

SURAT KETERANGAN

070/Diskop UKM-Set/19

Kepala Dinas Koperasi Usaha Kecil dan Menengah Kota Pekanbaru, dengan ini menerangkan:

Nama : FAKHRI RABIALDY
NIM : 822971
Asal Perguruan Tinggi : Universiti Utara Malaysia
Fakultas : Assistant Registrar Universiti Utara Malaysia
Jurusan : Master of Human Resource Management

Benar telah melaksanakan penelitian di Dinas Koperasi, Usaha Kecil dan menengah Kota Pekanbaru dengan judul "THE RELATIONSHIP BETWEEN HUMAN CAPITAL AN ORGANIZATIONAL PERFORMANCE; EMPIRICAL STUDY AT COOPERATIVE IN PEKANBARU CITY, INDONESIA".

Demikian surat keterangan ini dibuat, untuk dapat digunakan seperlunya, terima kasih.

Pekanbaru, 18 Januari 2019

a.n. KEPALA DINAS KOPERASI, UKM
KOTA PEKANBARU
Sekretaris.



Appendices E. Simple Random Result And List Of The Active Cooperative's Names

I. Simple Random Techniques by Randomizer

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RESULTS

1 Set of 118 Unique Numbers

Range: From 1 to 178— Sorted from Least to Greatest

Set #1

1, 2, 5, 6, 7, 9, 13, 14, 15, 16, 17, 22, 25, 26, 27, 29, 30, 31, 33, 35, 36, 37, 38, 39, 40, 41, 42, 44, 46, 48, 49, 51, 52, 53, 54, 56, 57, 58, 61, 62, 63, 64, 65, 66, 67, 69, 70, 74, 75, 76, 77, 79, 82, 84, 85, 86, 90, 91, 93, 94, 95, 96, 97, 99, 100, 101, 104, 105, 106, 108, 109, 110, 111, 113, 114, 115, 116, 117, 118, 121, 122, 123, 125, 126, 129, 130, 131, 132, 133, 134, 135, 136, 137, 138, 139, 140, 142, 144, 147, 148, 149, 152, 153, 154, 155, 157, 160, 161, 164, 165, 166, 169, 170, 172, 174, 175, 176, 178



UUM
Universiti Utara Malaysia

II. List of Active Cooperative's Name

No	Nama	Nomor Badan Hukum	Kecamatan
1	Kopma Universitas Riau	Bh-Xiii	Tampan
2	Pegawai Negeri Republik Indonesia Siti Payung Sekolah Menengah Umum Negeri 8 Pekanbaru (Kp-Ri Siti Payung Smun 8 Pekanbaru)	Bh/Kdk.46/1.2/Ix/1998	Sail
3	Puskopau	Kpts/Blk/V/1990	Sukajadi
4	Selendang Delima	Bh/Kdk.46/1.2/	Pekanbaru Kota
5	Bina Usaha - Smu 6	Bh/Kdk.46/1.2/	Tenayan Raya
6	Syariah Baitul Maal Wattamwil / Balai Usaha Mandiri Terpadu (Bmt) Al-Amin	Bh/Kdk.46/1.2/Ix/1998	Bukit Raya
7	Pelindo	Bh/Kwk.4/5.1/	Senapelan
8	Rsi Ibnu Sina	Bh/Kwk/1/I/Vi/1998	Sukajadi
9	Ibu-Ibu Rumbai		Rumbai Pesisir
10	Pegawai Telkom	Bh/Xiii	Marpoyan Damai
11	Primer Koperasi Angkatan Udara Skadron Teknik 045	Bh/Kwk.4/5.1/V/2009	Marpoyan Damai
12	Prima Umega	Bh/Kdk.46/1.2/Xi/1998	Sukajadi
13	Kopinkra Rotan Kencana	Bh/Kwk.4/5.1/	Rumbai
14	Primkop Kartika Belibis Cakti	Bh/Xiii	Bukit Raya

15	Primkoppad Den Bek Ang		Senapelan
16	Kppdk Imigrasi	Bh/Pad/Kwk.4/5.1/Ii/1996	Sukajadi
17	Primkopad Hubyah Rem 031	Bh/Kdk.46/1.2/	Lima Puluh
18	Primkopad Den Zibang	Bh/Xii	Sukajadi
19	K O P S I		Pekanbaru Kota
20	R R I	Bh/Xiii	Pekanbaru Kota
21	Karya Smu 7	Bh/Xiii	Senapelan
22	Kanwil Depag		Pekanbaru Kota
23	Koppas Tangkerang/Koppast a		Marpoyan Damai
24	Mekar Melati	Bh/Kwk.4/5.1/	Rumbai Pesisir
25	Ksu Rejosari	Bh/Kdk.46/1.2/	Tenayan Raya
26	Pt. Sucofindo	Bh/Kwk.4/5.1/	Pekanbaru Kota
27	Primkopad Kodim 03 01 Pbr	Pad/Kwk.4/5.1/Ii/1996	Sukajadi
28	Logistik Riau	Bh/Xiii	Pekanbaru Kota
29	K K M C	Nb/Xiii,	Rumbai Pesisir
30	Kharisma		Sukajadi
31	Pt. Askes Riau	Bh/Kdk.46/1.2/	Bukit Raya
32	Purnawirawan Brimob Polri	Bh/Kdk.46/1.2/	Tampan
33	Smkk Negeri		Sail

34	Kpj Sail Jaya	Bh/Kdk.46/1.2/	Sail
35	Perdagangan Tk I	Bh/Xiii	Sukajadi
36	Smun 2	Bh/Kdk.46/1.2/	Payung Sekaki
37	As-Shofa	Bh/Kdk.46/1.2/	Payung Sekaki
38	Kampung Tengah	/Bh/Xiii	Sukajadi
39	Wanita Melati (Kowati)	Bh/Xiii/Viii/1988	Sukajadi
40	Persatuan Pens. Telkom (Kop2tel)	Bh/Kdk.46/1.2/	Pekanbaru Kota
41	Primkopad Kartika Korem 031 Wb		Pekanbaru Kota
42	Bmt Al Ittihad	Bh/Kdk.46/3	Rumbai Pesisir
43	Blki	Bh/1998/	Marpoyn Damai
44	Pegawai Negeri Madrasah Aliyah Negeri 2 Dan Mandrasah Tsanawiyah Negeri	Bh/Xiii	Sail
45	Rumah Sakit Jiwa (Rsj)		Tampan
46	Lembaga Anak	Bh/Xiii	Bukit Raya
47	Primkopad Detasemen Peralatan "A" 01-12-04	Bh/Xiii/1974	Pekanbaru Kota
48	S K M A		Tampan
49	Sejahtera Walikota	Bh/Xiii	Sukajadi
50	Primkopau Tni Au (Staf Lanud)	Bh/Viii/12/962	Marpoyn Damai
51	Pengrajin Tahu Tempe Sari Jaya (Kopti)	Bh/Xiii	Lima Puluh

52	Iain Susqa	Bh/Xiii	Tampan
53	Widya Bhakti - Blk		Tampan
54	Seludang Mayang	Bh/Xiii	Sukajadi
55	Man I	Bh/Xiii	Marpoyan Damai
56	Primkopad Denkesyah	Bh/Xiii	Senapelan
57	Tirta Bina Karya Pu	Bh/Xiii	Tampan
58	Jamsostek	Bh/Xiii	Lima Puluh
59	Rsud	Bh/Xiii	Pekanbaru Kota
60	Korpri	Bh/Xiii	Sail
61	Setia Kawan - Sd 003	Bh/Xiii	Sail
62	Tirta Darma Pdam	Bh/Xiii	Sail
63	Tridaya	Bh/Xiii	Pekanbaru Kota
64	Bina Tani - Blpp	Bh/Xiii	Bukit Raya
65	Karyawan Pt. Taspen (Persero) Kopkar Taspen	Bh/Xiii/Vii/1992	Sail
66	Ksu Harapan Jaya	Bh/Xiii	Lima Puluh
67	Perindustrian Tk li/Rindang	Bh/Xiii	Sukajadi
68	Amalun Nisaa' Bkmt Riau	Bh/Kwk.4/1/	Pekanbaru Kota
69	Dokagu Ylpi		Bukit Raya
70	Kandepag	Pad/Kdk.46/1.2/	Marpoyan Damai

71	Pegawai Negeri Perikanan Laut (Kakap Laut)	Bh/Xiii	Sail
72	Dosen Unilak		Rumbai
73	Primkopau Skuadron 12	Bh/Xiii	Marpoyan Damai
74	Guru-Guru Cendana		Rumbai Pesisir
75	Kpn Smea N Pekanbaru	Bh/Xiii	Lima Puluh
76	Primkoppabri	Bh/Xiii	Marpoyan Damai
77	Pesantren Bustanul Ulum	Bh/Diskop & Ukm/3/	Tenayan Raya
78	Nurul Amal	Bh/Diskop & Ukm/3/	Tampan
79	Primkopau Paskhas Lanud Pekanbaru	Bh/Diskop & Ukm/3/	Marpoyan Damai
80	Primkopau Rumkit Lanud Pekanbaru	Bh/Diskop Ukm/3/Xi/2002 &	Marpoyan Damai
81	Rezeki Rolamro/Kozero	Bh/Diskop & Ukm/3/	Tenayan Raya
82	Amanah Bank Riau	Bh/Diskop & Ukm/3/	Sukajadi
83	Ar Rahman (Koparman)	Bh/Diskop Ukm/3/Viii/2003 &	Sail
84	Koperasi Sahabat Bepe Kosbepe	Bh/Diskop Ukm/3/Ix/2003 &	Marpoyan Damai
85	Suka Usaha Pt. Suka Fajar	Bh/Diskop & Ukm/3/	Tampan
86	Segar Indah Sman 11	Bh/Diskop & Ukm/3/	Tenayan Raya
87	Kpri Kesuma Smu N 1 Pekanbaru	Bh/Diskop Ukm/3/Ii/2004 &	Lima Puluh
88	Mitra Karya Bersama	Bh/Diskop & Ukm/3/	Rumbai Pesisir
89	Kpri - Smpn 4	Bh/Diskop & Ukm/3/	Lima Puluh

90	Wahana Karya	Bh/Diskop & Ukm/3/	Lima Puluh
91	Bmt Al Barokah	Bh/Diskop & Ukm/3/	Lima Puluh
92	Eka Karsa	Bh/Diskop & Ukm/3/Iv/2005	Tampan
93	Smpn 23	Bh/Diskop & Ukm/3/	Tampan
94	Karya Bersama	Bh/Diskop & Ukm/3/	Rumbai
95	Buruh Pertambangan & Energi Sbsi	Bh/Diskop & Ukm/3/Ix/2005	Rumbai Pesisir
96	Usaha Bersama Alamanda	Bh/Diskop & Ukm/3/I/2006	Lima Puluh
97	Wanita Pesona Martha	Bh/Diskop & Ukm/3/	Marpoyan Damai
98	Makarti Jaya	Bh/Diskop & Ukm/3/	Sail
99	Sejahtera Sman 5	Bh/Diskop & Ukm/Vii/2006	Marpoyan Damai
100	Sejahtera Sman 9	Bh/Iv.11/Diskop & Ukm/3/Iii/2007	Lima Puluh
101	Wahana Mandiri	Bh/Iv.11/Diskop & Ukm/3/	Lima Puluh
102	Prima Badan Adm&Pendidikan Latihan Prop. Riau	Bh/Iv.Ii/Diskop & Ukm/3/Vii/2007	Sukajadi
103	Upaya Bersama	Bh/Iv.11/Diskop & Ukm/3/Ix/2007	Tampan
104	Segantang Lada	Bh/Iv.11/Diskop & Ukm/3/Vii/2007	Sail
105	Wanita Bina Insani Jaya	Bh/Iv.11/Diskop & Ukm/3/Xi/2007	Tenayan Raya
106	Kpri Smpn 5	Bh/Iv.11/Diskop & Ukm/3/	Lima Puluh
107	Karyawan Insan Eletrika Pt. Pln (Persero) P3b Sumetra	Bh/Xiii/1987	Payung Sekaki

108	Mawar Merah	Bh/Iv.11/Diskop Ukm/3/	&	Payung Sekaki
109	Swadaya Mandiri	Bh/Iv.11/Diskop Ukm/3/V/2008	&	Tampan
110	Praja Wibawa	Bh/Iv.11/Diskop Ukm/3/	&	Sail
111	Sma Negeri 12 Pekanbaru	Bh/Iv.11/Diskop Ukm/3/	&	Tampan
112	Purna Bhakti Logistik Riau	Bh/Iv.11/Diskop Ukm/3/	&	Pekanbaru Kota
113	Syariah Berkah Kemuning	Bh/Iv.11/Diskop Ukm/3/	&	Senapelan
114	Rs. Pekanbaru Medical Center	Bh/Iv.11/Diskop Ukm/3/	&	Sail
115	Nastiti	Bh/Iv.11/Diskop Ukm/3/	&	Bukit Raya
116	Berkah Seroja Smkn 06	Bh/Iv.11/Diskop Ukm/3/	&	Tenayan Raya
117	Wanita Chairunnisa	Bh/Iv.11/Diskop Ukm/3/Xi/2008	&	Rumbai Pesisir
118	Koppas Panam	Bh/Iv.11/Diskop Ukm/3/	&	Tampan
119	Wanita Mandiri	Bh/Iv.11/Diskop Ukm/3/	&	Rumbai Pesisir
120	Meraih Hari Esak Mandiri	Bh/Iv.11/Diskop Ukm/3/	&	Bukit Raya
121	Eka Hospital	Bh/Iv.11/Diskop Ukm/3/	&	Marpoyan Damai
122	Politeknik Caltex Riau	Bh/Iv.11/Diskop Ukm/3/	&	Rumbai
123	Harjo Bestari	Bh/Iv.11/Diskop Ukm/3/	&	Sukajadi
124	Syariah Bmt Mitra Arta	Bh/Iv.11/Diskop Ukm/3/Ii/2010	&	Rumbai Pesisir
125	Ummul Hidayah	Bh/Iv.11/Diskop Ukm/3/	&	Sail
126	Koperasi Mikro Ekonomi Kerakyatan (Mekar)	Bh/Iv.11/Diskop Ukm/3/2010	&	Rumbai Pesisir

127	Mitra Mandiri	Bh/Iv.11/Diskop Umkm/2/	Tampan
128	Berkah Bersama Pekanbaru Bahkti Pmi	Bh/Iv.11/Diskop Umkm/2/	Sail
129	Smpn 21	Bh/Iv.11/Diskop Umkm/2/	Marpoyan Damai
130	Wanita Jaya	Bh/Iv.11/Diskop Umkm/2/Iv/2011	Lima Puluh
131	Sang Surya	Bh/Iv.11/Diskop Umkm/2/	Tampan
132	Karyawan Karya Mandiri (K3m) Puk Sppp Pt. Rickry	Bh/Iv.11/Diskop Umkm/2/Vi/2011	Rumbai
133	Mandiri Riaja Sejahtera	Bh/Iv.11/Diskop Umkm/2/Vi/2011	Sukajadi
134	Wanita Islam Riaja	Bh/Iv.11/Diskop Umkm/2/Xi/2011	Tampan
135	Yayasan Zamrad	Bh/Iv.11/Diskop Umkm/2/I/2012	Tenayan Raya
136	Anak Bangsa	Bh/Iv.11/Diskop Umkm/2/	Tampan
137	Perhimpunan Purnakarya Pertamina	Bh/Iv.11/Diskop Umkm/2/	Rumbai Pesisir
138	Bmt Al-Khifah	Bh/Iv.11/Diskop Umkm/2/	Sail
139	Putri Delima	Bh/Iv.11/Diskop Umkm/2/	Tampan
140	Permata Indonesia	Bh/Iv.11/Diskop Umkm/2/	Tenayan Raya / Bukit Raya
141	Koperasi Wanita Kartini 21 (Kwk 21)	Bh/Iv.11/Diskop Umkm/2/	Sail
142	Wana Griya (Kowana)	Bh/Iv.11/Diskop Umkm/2/	Tampan
143	Bina Mitra Sejahtera (Bimas)	Bh/Iv.11/Diskop Umkm/2/	Lima Puluh
144	Kelulut Jaya Mandiri	Bh/Iv.11/Diskop Umkm/2/	Marpoyan Damai

14 5	Hasanah	Bh/Iv.11/Diskop Umkm/2/I/2013	Marpoyan Damai
14 6	Warga Sejahtera	Bh/Iv.11/Diskop Umkm/2/Iv/2013	Tampan
14 7	Ksp Usaha Bersama Ar-Rahman	Bh/Iv.11/Diskop Umkm/2/X/2013	Tenayan Raya
14 8	Ksp Setia Amanah	Bh/Iv.11/Diskop Umkm/2/Xi/2013	Rumbai Pesisir
14 9	Ksp Muslimah	Bh/Iv.11/Diskop Umkm/2/Xii/2013	Sukajadi
15 0	Koperasi Syariah Bina Insan Mulia	Bh/Iv.11/Diskop Umkm/2/Viii/2014	Lima Puluh
15 1	Lkma Rejosari Indah	Bh/Iv.11/Diskop Umkm/2/Ix/2014	Tenayan Raya
15 2	Tengku Maharatu	Bh/Iv.11/Diskop Umkm/2/X/2014	Tampan
15 3	Gapoktan Permai Sari	Bh/Iv.11/Diskop Umkm/2/Xi/2014	Rumbai
15 4	Gapoktan Maju Jaya	Bh/Iv.11/Diskop Umkm/2/Xi/2014	Rumbai Pesisir
15 5	Gapoktan Murni Jaya	Bh/Iv.11/Diskop Umkm/2/Xi/2014	Rumbai Pesisir
15 6	Wredatama Sejahtera	Bh/Iv.11/Diskop Umkm/2/Viii/2014	Lima Puluh
15 7	Gapoktan Manunggal Jaya	Bh/Iv.11/Diskop Umkm/2/Xi/2014	Rumbai Pesisir
15 8	Mahoni Berdikari	Bh/Iv.11/Diskop Umkm/2/Vi/2015	Tenayan Raya
15 9	Hang Tuah Pekanbaru	Bh/Iv.11/Diskop Umkm/2/V/2015	Bukit Raya
16 0	Segar Makmur	Bh/Iv.11/Diskop Umkm/2/Iv/2015	Tenayan Raya
16 1	Sembilang Mandiri Sejahtera	Bh/Iv.11/Diskop Umkm/2/X/2015	Rumbai Pesisir
16 2	Lkma Fajar Indah	Bh/Iv.11/Diskop Umkm/2/Xi/2015	Payung Sekaki
16 3	Karyawan Pjb Tenayan Sejahtera	Bh/Iv.11/Diskop Umkm/2/Xi/2015	Tenayan Raya

16 4	Rutan Pasti Jaya	Bh/Iv.11/Diskop Umkm/2/Xi/2015	Tenayan Raya
16 5	Suka Makmur Rejo Sari (Rw)	Bh/Iv.11/Diskop Umkm/2/I/2016	Tenayan Raya
16 6	Lestari	Bh/Iv.11/Diskop Umkm/2/I/2016	Tenayan Raya
16 7	Subur Mandiri	Bh/Iv.11/Diskop Umkm/2/Ii/2016	Tenayan Raya
16 8	Darma Karya	Bh/Iv.11/Diskop Umkm/2/Iii/2016	Marpoyan Damai
16 9	Tunas Mulia	Bh/Iv.11/Diskop Umkm/2/Iii/2016	Tenayan Raya
17 0	Baitul Maal Wat Tamwil Islam Abdurrah	Bh/Iv.11/Diskop Umkm/2/Iv/2016	Payung Sekaki
17 1	Koperasi Sejahtera Rw-17	Bh/Iv.11/Diskop Umkm/2/Iv/2016	Tenayan Raya
17 2	Maju Jaya	Bh/Iv.11/Diskop Umkm/2/Iv/2016	Tenayan Raya
17 3	Sejahtera Bersama Tengkerang Timur	Bh/Iv.11/Diskop Umkm/2/Iv/2016	Tenayan Raya
17 4	Budi Makmur	Bh/Iv.11/Diskop Umkm/2/Iv/2016	Tenayan Raya
17 5	Bougenvile Tenayan Raya	Bh/M.Kukm.2/Vi/2016	Tenayan Raya
17 6	Arengka Indah Pekanbaru	Bh/M.Kukm.2/Viii/2016	Tenayan Raya
17 7	Syari'ah Bina Widya Arfaunnas	Bh/M.Kukm.2/Ix/2016	Tampan
17 8	Smantri Maju Bersama	Bh/M.Kukm.2/Xii/2017	Sukajadi

Appendices F. Reliability Analysis For Pilot Test

I. Employee Education

Case Processing Summary			
		N	%
Cases	Valid	15	46.9
	Excluded ^a	17	53.1
	Total	32	100.0
a. Listwise deletion based on all variables in the procedure.			

Reliability Statistics	
Cronbach's Alpha	N of Items
.533	4

II. Employee Competence

Case Processing Summary			
		N	%
Cases	Valid	15	46.9
	Excluded ^a	17	53.1
	Total	32	100.0
a. Listwise deletion based on all variables in the procedure.			

Reliability Statistics	
Cronbach's Alpha	N of Items
.726	4

III. Employee Working Experiences

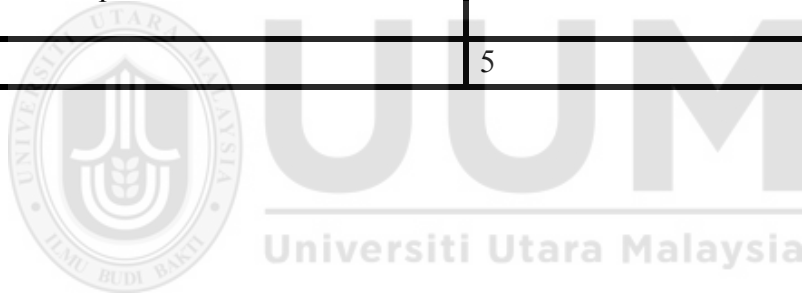
Case Processing Summary			
		N	%
Cases	Valid	15	46.9
	Excluded ^a	17	53.1
	Total	32	100.0
a. Listwise deletion based on all variables in the procedure.			

Reliability Statistics	
Cronbach's Alpha	N of Items
.857	5

IV. Organizational Performances

Case Processing Summary			
		N	%
Cases	Valid	15	46.9
	Excluded ^a	17	53.1
	Total	32	100.0
a. Listwise deletion based on all variables in the procedure.			

Reliability Statistics	
Cronbach's Alpha	N of Items
.956	5



Appendices G. Factor Analysis (Independent Variable)

I. Employee Education

KMO and Bartlett's Test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.700
Bartlett's Test of Sphericity	Approx. Chi-Square	73.390
	df	6
	Sig.	.000

Anti-image Matrices					
		Employee Education 1	Employee Education 2	Employee Education 3	Employee Education 4
Anti-image Covariance	Employee Education 1	.893	-.150	-.097	.007
	Employee Education 2	-.150	.684	-.239	-.114
	Employee Education 3	-.097	-.239	.606	-.258
	Employee Education 4	.007	-.114	-.258	.720
Anti-image Correlation	Employee Education 1	.774 ^a	-.192	-.132	.009
	Employee Education 2	-.192	.717 ^a	-.371	-.162
	Employee Education 3	-.132	-.371	.662 ^a	-.391
	Employee Education 4	.009	-.162	-.391	.708 ^a
a. Measures of Sampling Adequacy(MSA)					

Total Variance Explained						
Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	2.107	52.673	52.673	2.107	52.673	52.673
2	.874	21.862	74.535			
3	.580	14.505	89.040			
4	.438	10.960	100.000			
Extraction Method: Principal Component Analysis.						

Component Matrix^a	
	Component
	1
Employee Education 1	.517
Employee Education 2	.785
Employee Education 3	.831
Employee Education 4	.730
Extraction Method: Principal Component Analysis.	
a. 1 components extracted.	

II. Employee Education

KMO and Bartlett's Test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.719
Bartlett's Test of Sphericity	Approx. Chi-Square	76.483
	df	6
	Sig.	.000

Anti-image Matrices					
		Employee Competence 1	Employee Competence 2	Employee Competence 3	Employee Competence 4
Anti-image Covariance	Employee Competence 1	.881	-.117	-.040	-.128
	Employee Competence 2	-.117	.640	-.274	-.133
	Employee Competence 3	-.040	-.274	.626	-.196
	Employee Competence 4	-.128	-.133	-.196	.726
Anti-image Correlation	Employee Competence 1	.811 ^a	-.155	-.054	-.161
	Employee Competence 2	-.155	.697 ^a	-.433	-.195
	Employee Competence 3	-.054	-.433	.680 ^a	-.290
	Employee Competence 4	-.161	-.195	-.290	.762 ^a
a. Measures of Sampling Adequacy(MSA)					

Total Variance Explained						
Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	2.158	53.949	53.949	2.158	53.949	53.949
2	.812	20.305	74.254			
3	.593	14.836	89.090			
4	.436	10.910	100.000			
Extraction Method: Principal Component Analysis.						

Component Matrix ^a	
	Component
	1
Employee Competence 1	.557
Employee Competence 2	.800
Employee Competence 3	.803
Employee Competence 4	.750
Extraction Method: Principal Component Analysis.	
a. 1 components extracted.	

III. Employee Working Experience

KMO and Bartlett's Test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.769
Bartlett's Test of Sphericity	Approx. Chi-Square	128.855
	df	10
	Sig.	.000

Anti-image Matrices						
		Employee Working Experience 1	Employee Working Experience 2	Employee Working Experience 3	Employee Working Experience 4	Employee Working Experience 5
Anti-image Covariance	Employee Working Experience 1	.597	-.199	.007	-.198	-.164
	Employee Working Experience 2	-.199	.727	-.087	.049	-.135

	Employee Working Experience 3	.007	-.087	.649	-.223	-.184
	Employee Working Experience 4	-.198	.049	-.223	.649	-.061
	Employee Working Experience 5	-.164	-.135	-.184	-.061	.606
Anti-image Correlation	Employee Working Experience 1	.755 ^a	-.302	.012	-.318	-.272
	Employee Working Experience 2	-.302	.783 ^a	-.126	.071	-.203
	Employee Working Experience 3	.012	-.126	.764 ^a	-.343	-.293
	Employee Working Experience 4	-.318	.071	-.343	.747 ^a	-.098
	Employee Working Experience 5	-.272	-.203	-.293	-.098	.800 ^a
a. Measures of Sampling Adequacy(MSA)						

Total Variance Explained						
Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	2.678	53.562	53.562	2.678	53.562	53.562
2	.812	16.236	69.798			
3	.613	12.265	82.063			
4	.510	10.195	92.258			
5	.387	7.742	100.000			
Extraction Method: Principal Component Analysis.						

Component Matrix^a	
	Component
	1
Employee Working Experience 1	.772
Employee Working Experience 2	.653
Employee Working Experience 3	.728
Employee Working Experience 4	.715
Employee Working Experience 5	.784
Extraction Method: Principal Component Analysis.	
a. 1 components extracted.	

Appendices H. Factor Analysis Dependent Variable (Organizational Performance)

KMO and Bartlett's Test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.785
Bartlett's Test of Sphericity	Approx. Chi-Square	231.958
	df	10
	Sig.	.000

Anti-image Matrices						
		Organizational Performance 1	Organizational Performance 2	Organizational Performance 3	Organizational Performance 4	Organizational Performance 5
Anti-image Covariance	Organizational Performance 1	.437	-.103	-.049	.003	-.242
	Organizational Performance 2	-.103	.500	-.005	-.232	-.017
	Organizational Performance 3	-.049	-.005	.505	-.188	-.120
	Organizational Performance 4	.003	-.232	-.188	.436	-.022
	Organizational Performance 5	-.242	-.017	-.120	-.022	.425
Anti-image	Organizational	.772 ^a	-.221	-.104	.007	-.562

Correlation	Performance 1					
	Organizational Performance 2	-.221	.798 ^a	-.010	-.497	-.036
	Organizational Performance 3	-.104	-.010	.838 ^a	-.401	-.259
	Organizational Performance 4	.007	-.497	-.401	.758 ^a	-.051
	Organizational Performance 5	-.562	-.036	-.259	-.051	.770 ^a
a. Measures of Sampling Adequacy(MSA)						

Total Variance Explained						
Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	3.210	64.200	64.200	3.210	64.200	64.200
2	.730	14.607	78.807			
3	.509	10.176	88.983			
4	.285	5.698	94.681			
5	.266	5.319	100.000			
Extraction Method: Principal Component Analysis.						

Component Matrix^a	
	Component
	1
Organizational Performance 1	.805
Organizational Performance 2	.781
Organizational Performance 3	.801
Organizational Performance 4	.807
Organizational Performance 5	.811
Extraction Method: Principal Component Analysis.	
a. 1 components extracted.	



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Appendices I. Reliability Test For (Independent Variable (Employee Education, Employee Competence, Employee Working Experience

I. Employee Education

Case Processing Summary			
		N	%
Cases	Valid	100	100.0
	Excluded ^a	0	.0
	Total	100	100.0
a. Listwise deletion based on all variables in the procedure.			

Reliability Statistics	
Cronbach's Alpha	N of Items
.620	4

II. Employee Competence

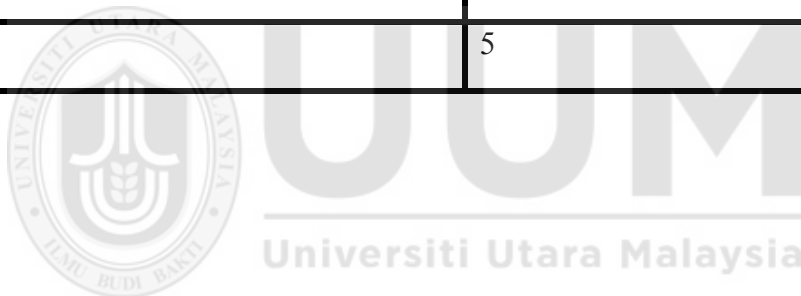
Case Processing Summary			
		N	%
Cases	Valid	100	100.0
	Excluded ^a	0	.0
	Total	100	100.0
a. Listwise deletion based on all variables in the procedure.			

Reliability Statistics	
Cronbach's Alpha	N of Items
.701	4

III. Employee Working Experience

Case Processing Summary			
		N	%
Cases	Valid	100	100.0
	Excluded ^a	0	.0
	Total	100	100.0
a. Listwise deletion based on all variables in the procedure.			

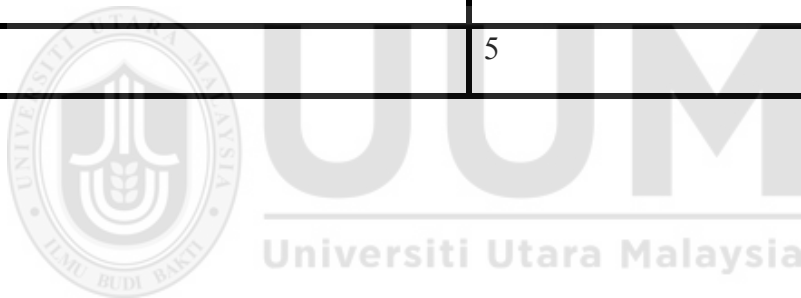
Reliability Statistics	
Cronbach's Alpha	N of Items
.768	5



Appendices J. Reliability Test For Dependent Variable (Organizational Performance)

Case Processing Summary			
		N	%
Cases	Valid	100	100.0
	Excluded ^a	0	.0
	Total	100	100.0
a. Listwise deletion based on all variables in the procedure.			

Reliability Statistics	
Cronbach's Alpha	N of Items
.859	5



Appendices K. Pearson Correlation Analysis

Correlations					
		EE	EC	EWE	OP
EE	Pearson Correlation	1	.566**	.551**	.392**
	Sig. (2-tailed)		.000	.000	.000
	N	100	100	100	100
EC	Pearson Correlation	.566**	1	.725**	.481**
	Sig. (2-tailed)	.000		.000	.000
	N	100	100	100	100
EWE	Pearson Correlation	.551**	.725**	1	.345**
	Sig. (2-tailed)	.000	.000		.000
	N	100	100	100	100
OP	Pearson Correlation	.392**	.481**	.345**	1
	Sig. (2-tailed)	.000	.000	.000	
	N	100	100	100	100
**. Correlation is significant at the 0.01 level (2-tailed).					

Appendices L. Multiple Regression Analysis

Variables Entered/Removed ^a			
Model	Variables Entered	Variables Removed	Method
1	EWE, EE, EC ^b	.	Enter
a. Dependent Variable: OP			
b. All requested variables entered.			

Model Summary ^b					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.504 ^a	.254	.230	.51172	1.933
a. Predictors: (Constant), EWE, EE, EC					
b. Dependent Variable: OP					

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	8.546	3	2.849	10.879	.000 ^b
	Residual	25.138	96	.262		
	Total	33.684	99			
a. Dependent Variable: OP						
b. Predictors: (Constant), EWE, EE, EC						

Coefficients ^a								
Model		Unstandardized Coefficients		Standard ized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	1.388	.454		3.060	.003		
	EE	.179	.105	.189	1.711	.090	.638	1.567
	EC	.505	.161	.419	3.130	.002	.435	2.301
	EWE	-.074	.158	-.062	-.470	.640	.446	2.245
a. Dependent Variable: OP								

