

The Important Role of Strategic Management Process in Cooperative Management in Indonesia Setting

RD. Fredy Rante Taruk, Willy Arafah, Itjang D. Gunawan

(Trisakti University)

Corresponding Author: Rd. Fredy Rante Taruk

ABSTRACT: *This study specifically empirically analyzes the variable role of servant leadership as a mediator between the strategic management process and social entrepreneurship with organizational performance, and social volunteer as moderating between servant leadership and organizational performance. The causality research method used with survey techniques and analysis units is the Credit Union that joins CUCO Indonesia with a sample of 469 people. Testing the hypothesis using a model of mediating-moderating analysis with PLS. The research findings prove that the strategic management process significantly affects servant leadership and organizational performance. Similarly, servant leadership and social entrepreneurship have a significant influence on organizational performance. In addition, servant leadership has a significant mediating function between strategic management processes and organizational performance, and also between social entrepreneurship and organizational performance. and finally, social volunteers have a significant moderating function on servant leadership that is influenced by strategic management processes and social entrepreneurship in determining organizational performance. The most obvious managerial implication for non-profit organizations is the importance of the role of mediation servant leadership and the moderation of social volunteers to improve organizational performance.*

Keywords: *Organizational performance, strategic management process, social entrepreneurship, servant leadership and social volunteer.*

Date of Submission: 04-11-2019

Date Of Acceptance: 24-11-2019

I. INTRODUCTION

Credit Union is an independent cooperative organization that provides financial services with the aim of helping its members and surrounding local communities to achieve economic and social goals (McKillop et.al. 2011) and Credit Union provides services to members who are managed democratically, controlled by their members, and operated for the purpose of maximizing the economic benefits of its members by providing financial services with competitive and fair benefits (WOCCU.org). Credit Union chooses management as volunteers to lead the organization to achieve its objectives. Voluntary values are certainly an interesting factor to be explored because motivational factors in the form of social volunteerism can moderate the relationship between serving leadership and organizational performance. Ward & McKillop (2011), which focuses on researching social volunteerism from the initial selection process at Northern Ireland's Credit Union, found its relevance to the performance of individuals and Credit Union organizations. Snyder & Omoto (2008) define volunteerism as a relief activity that is freely chosen which sacrifices time and which is often done through organizations because of demand or because of individual initiatives.

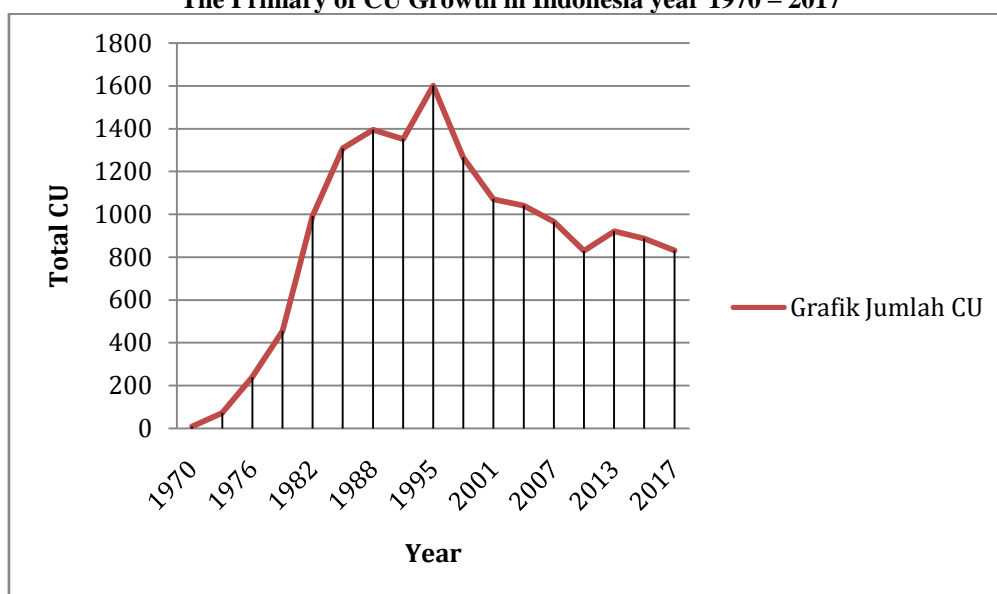
The presence of Credit Union is expected to contribute to improving the quality of human life (ACCU.2012). In accordance with the international movement with the emergence of the 2016 Sustainable Development Goals (SDGs) - 2030 Credit Union is also expected to contribute (ACCU.2016). Jasevičienė et al. (2014) stated that Credit Union in Lithuania has had an influence on human life by contributing to improving the quality of life, improving welfare, improving self-confidence and even increasing tolerance among the people. The findings of this study also mention the factors that are the choice of Lithuanian people in choosing Credit Union are internal factors (reputation, interest rate, membership system), external factors (territorial proximity, advertising) and service. The issue of Credit Union performance and sustainability as an institution is now the concern of the Credit Union Movement in Indonesia.

Research on Credit Union relates to its performance and sustainability, one of which is carried out in Albania. Research conducted by Dib et al. (2013) highlight the sustainability of Albanian Savings (US) Credit Union from three main aspects, namely outreach, financial sustainability and its impact on welfare. From the outreach point of view, it was found that US Credit Union outreach had shown an increase during the study period with different growth rates from 2003 to 2010 averaging 14.7%. On the other hand, operational sustainability as measured by return on assets and return on equity shows instability during the study period,

which makes the US Credit Union's financial sustainability doubtful (Dib et al., 2013). But in terms of its impact, the members stressed that the US Credit Union helped them to improve their activities and income, where 87 out of 100 farmers confirmed that their income had increased in the past 3 years. Meanwhile 31 farmers out of 100, each with 8, 9 and 10 years of membership proclaimed that using microloans helped them to expand their activities, while 56 farmers ensured that microcredit helped them not only in increasing their income and activities, but also increasing their production and activities (Dib et.al., 2013). Research on the sustainability of Credit Union is conducted by McKillop and Wilson (2011) by reflecting the context in which Credit Union operates by highlighting economic, historical and cultural contexts. Research by Goddard et al. (2008) regarding Credit Union in the US revealed a significant increase in non-interest income from sources in recent years. Changes in business strategy have an impact on improving financial performance for the period 1993-2004. Research by Myers et al. (2012), stated that many Credit Union faced financial and operational problems based on their research on Credit Union in Wales.

Research on the sustainability of Credit Union in Indonesia has never highlighted the role of Credit Union leaders who are volunteers at Credit Union. Including how the soul of the volunteers of Credit Union leaders to help sustain the Credit Union Movement in Indonesia. The following is illustrated the graph of institutional Credit Union development (Primary CU) has decreased since 1995 (CUCO Indonesia Data Report 2017), whereas every year there are still emerging new Credit Union.

Figure 1:1.
The Primary of CU Growth in Indonesia year 1970 – 2017



Source: CUCO Indonesia 2017 Report Data (processed)

Research related to the Credit Union movement in Indonesia needs attention in order to obtain knowledge and understanding of matters relating to performance and sustainability as a cooperative economic movement in Indonesia, more specifically about social volunteers as moderating between servant leadership and organizational performance. So the research problems in this study are: (1). Does the strategic management process affect servant leadership for Credit Union in Indonesia?; (2). Does the strategic management process affect organizational performance in Credit Union in Indonesia? (3). Does the servant leadership influence organizational performance in Credit Union in Indonesia?; (4). Does the servant leadership mediate the effect of the strategic management process on organizational performance in Credit Union in Indonesia?; (5). Does social entrepreneurship affect servant leadership in Credit Union in Indonesia?; (6). Does social entrepreneurship affect organizational performance in Credit Union in Indonesia?; (7). Does the servant leadership mediate the effect of social entrepreneurship on organizational performance on Credit Union in Indonesia?; (8). Do social volunteers have a significant moderating function on servant leadership that is influenced by strategic management processes and social entrepreneurship in determining organizational performance in Credit Union in Indonesia?

II. LITERATURE REVIEW

Dynamic Capability Theory by Teece, Pisano & Shuen (1997) is the ability of companies to integrate, build, and reconfigure internal and external competencies to overcome rapidly changing environments. Dynamic

ability is the ability of an organization to adapt adequately to changes that can have an impact on its function (Teece et al. 1997). Dynamic capabilities theory is directly related to the strategic management process and leadership variables.

The Strategic Management Process refers to a series of processes for formulating, implementing, and evaluating strategies, while strategic planning designates more specifically the formulation of strategies (David, 2011). Strategic management can also be interpreted as a set of decisions and actions that result in the formulation and implementation of plans designed to achieve company goals (Pearce & Robinson, 2010).

Referring to the non-profit sector, the Alliance for Nonprofit Management (Ste. 2003) emphasizes that strategic management is the application of strategic thinking to the work of leading an organization. Strategic management processes include strategic planning, strategy formulation, strategy implementation, monitoring and evaluation which in previous studies have been seen to influence the competitive position of companies in the industry to determine performance (Johnson, Whittington & Scholes, 2011). The practice of strategic decision making in organizations is what is generally referred to as a strategic management process (Aosa, 2011). The strategic management process consists of three main components; strategy analysis, strategy choice and strategy implementation (Johnson & Scholes, 2013). Noah & Were's (2018) research on companies engaged in oil products in Kenya concluded that strategic planning, strategy formulation, strategy implementation, and monitoring and evaluation positively and significantly affected the performance of oil marketing companies in Kenya. **Servant Leadership** according to Greenleaf (1977) as a leadership philosophy that is unique because it is motivated by the need to serve others rather than aspiring to lead others. Furthermore, Greenleaf (1977) also states that servant leadership as a leadership style that comes from a sincere feeling that arises from within the heart that is willing to serve from the leaders. Servant leadership is a type or model of leadership that was developed to overcome the leadership crisis, in the form of decreasing followers' 'trust in their leaders' example. According to Sendjaya and Sarros (2002), servant leadership is a leadership model that prioritizes the needs of others, aspirations, and interests of others for themselves. Servant leaders are committed to serving others. Spears (2010) mentions serving leaders (Servant Leader) is a leader who prioritizes service, starting with the natural feeling of someone who wants to serve and to prioritize service.

Furthermore consciously, this choice brings aspirations and encouragement in leading others. Trompenaars and Voerman (2009) say Servant leadership is a management style in terms of leading and serving in a harmony, and there is interaction with the environment. A Servant leader is someone who has a strong desire to serve and lead, and the most important thing is to be able to combine the two as positive reinforcing things. Spears (2010) calls the last three decades the concept of servant leadership increasingly seen as a form of ideal leadership desired by many people and organizations. In fact, today is an explosion of interest, and unmatched servant leadership practices (Spears, 2010).

Social Entrepreneurship is defined differently by two schools (Dees & Anderson). The first school is social entrepreneurship driven by ED Skloot, the founder of the consultant the New Ventures, which presents social entrepreneurship as an initiative of "social enterprise". That is, for every organization, in any sector, which uses the revenue strategy obtained to achieve triple bottom line, either alone (as a social sector business) or as part of a mixed-income stream that includes charitable contributions and public sector subsidies. Mair & Marti (2006) define SE with a broader picture, first, SE as a process of creating value by combining resources with new ways. Second, this combination of resources is intended primarily to explore and utilize opportunities to create social value by stimulating social change or meeting social needs. And third, SE involves offering services and products but can also refer to the creation of new organizations. The development of theories in the field of SE requires views from various fields of science such as entrepreneurship, sociology and organizational theory (Mair & Marti, 2006). Social entrepreneurship (SE) is an activity and process carried out to find, define, and utilize opportunities to increase social wealth by creating new businesses or managing existing organizations in innovative ways (Zahra, Gedajlovic, Neubaum, & Shulman, 2009). About Social Volunteer, Snyder & Omoto (2008) defines volunteering as activities that are freely chosen and to provide assistance in the long term, without expecting compensation or other compensation through formal organizations, and which is done on behalf of individuals who want help. Stebbins (1996) defines that volunteering is an aid activity from someone who is of value to him who is not intended to obtain material results, which are not forced and not for financial results. Furthermore, Stebbins (1996) stated that there are two principles of volunteering namely volunteering aimed at helping others and also helping themselves because volunteering activities can be considered as recreational activities.

Organizational Performance namely the concept of performance or effectiveness of organizations holding a central position in the management of private and public organizations and in the field of organizational research (Morin & Audebrand, 2014). According to Morin and Audebrand (2014) organizational performance (organizational performance) is generally assessed by financial indicators such as return on investment or earnings per share. But such narrow criteria for measuring organizational effectiveness are actually related to the phenomenon of range limitations which are consequences for the way managers manage

work and manage people in organizations (Morin & Audebrand.2014). The conceptual framework of strategic management processes, social entrepreneurship, servant leadership, social volunteers and organizational performance proposed in this study are shown in the following figure.

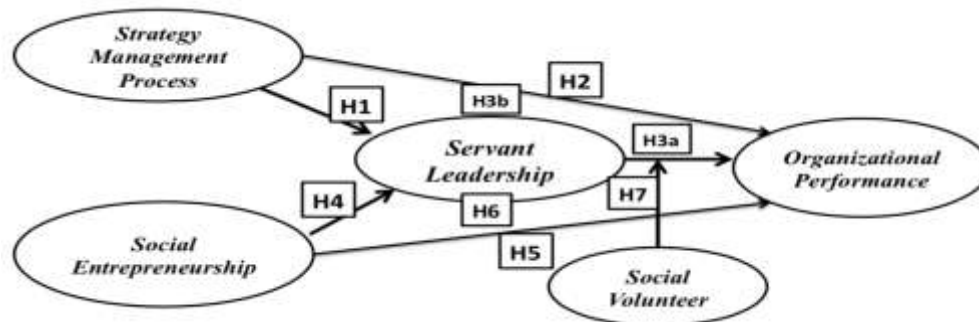


Figure – 2: Conceptual Framework

Hypotheses Development

The studies conducted by O'Regan et al. (2004), Parnell (2010), Nandakumar et al. (2010), Tripaty (2014), Banker et al. (2014), Marx (2015), and Oyewobi et al. (2016) states that the strategic management process affects servant leadership, so that for the first hypothesis it is formulated as follows:

H1: Strategic management process affects servant leadership.

Research conducted by O'Regan et al. (2004), Parnell (2010), Nandakumar et al. (2010), Tripaty (2014), Banker et al. (2014), Marx (2015), and Oyewobi et al. (2016) clarify the relationship between strategy and business performance, especially on the composition of combination strategies. The practical implication of these studies is that a business can pursue a single generic strategy (ie low cost or differentiation, prospector or defense, and analyst) or try to combine two or more strategies. So the formulation of the second hypothesis reads:

H2: Strategic management process affects organizational performance.

Studies from O'Regan et al. (2004), Parnell (2010), Nandakumar et al. (2010), Tripaty (2014), Banker et al. (2014), Marx (2015), and Oyewobi et al. (2016). One of them reveals its relation to leadership quality and strategy. Moreover, the research of Nicholas et al. (2004) provides practical guidance to enable senior managers to consider leadership styles in the formulation and implementation of strategic plans, including having a mediating role. So the formulation of the third hypothesis is:

H3a: Servant leadership influences organizational performance.

H3b: Servant leadership mediates the effect of the strategic management process on organizational performance.

In the previous research conducted by Augusto et al. (2013), Felicio et al. (2013), Seddon et al. (2014), Young et al. (2015), Sengupta et al. (2017), Grassl (2012) confirms the influence of social entrepreneurship on servant leadership. The role of social entrepreneurship and leadership serving in business / social business provides more significant support for social values and organizational performance, and social values themselves also influence organizational performance. The results confirm the strong influence of social entrepreneurship on social value and the impact of business / social business and transformational leadership on organizational performance. However, in a favorable context, social entrepreneurship provides more significant support for social values and organizational performance, and social values themselves also influence organizational performance. Thus, the formulation of the fourth hypothesis is:

H4: Social entrepreneurship affects servant leadership.

Previous research conducted by Alvord, Brown and Letts (2004), Mair & Noboa (2006), Augusto et al. (2013), Felicio et al. (2013), Seddon et al. (2014), Young et al. (2015), Sengupta et al. (2017), and Grassl (2012) prove that there is a significant effect of social entrepreneurship on organizational performance, so that the fifth hypothesis is formulated to be:

H5: Social entrepreneurship influences organizational performance.

Previous research conducted by Alvord, Brown and Letts (2004), Mair & Noboa (2006), Augusto et al. (2013), Felicio et al. (2013), Seddon et al. (2014), Young et al. (2015), Sengupta et al. (2017), and Grassl (2012). Richards et al. (2015) emphasize that how social capital consists of ties, relationships, and linkages that unite community members and can be considered as the beginning of economic capital. A model of interaction between the main stakeholder groups involved in the cooperative was presented. This is increasingly evident when interactions have the potential for social capital deficits (Richard & Reed.2015; de Castro et al., 2016; Zsolnai et al., 2015), which provide confidence that servant leadership mediates the effect of social entrepreneurship on organizational performance, with the hypothesis formulation :

H6: Servant leadership mediates the influence of social entrepreneurship to organizational performance.

In the cooperative movement, the basic principle is by members to members so it is called member-based (based on people). A cooperative like this cannot apply as a business in general, especially the pressure to obtain profits. This has something to do with humanitarian issues. Therefore, leadership requires a volunteer spirit. Facilitating from person to person requires the role of living volunteers. SV does not directly shape performance. It strengthens/ moderates nature. so far, there have been influences from Leadership on Performance. And SV is moderating various studies conducted by Alvord et al. (2004), Mair&Noboa (2006), Augusto et al. (2013), Felicio et al. (2013), Seddon et al. (2014), Young et al. (2015), Sengupta et al. (2017), Grassl (2012); and O'Regan et al. (2004), Parnell (2010), Parnell (2010) Nandakumar et al. (2010), Tripaty (2014), Banker et al. (2014), Marx (2015), and Oyewobi et al. (2016). Thus the formulation of the seventh hypothesis is stated as follows:

H7: Social volunteers have a significant moderating function on servant leadership that is influenced by strategic management processes and, social entrepreneurship in determining organizational performance.

III. RESEARCH METHOD

This study examines the effect of the strategic management process and social entrepreneurship on servant leadership and organizational performance that is supported by social volunteers as moderating between servant leadership and organizational performance. This research was conducted on the object of the movement of Credit Union in Indonesia who joined CUCO Indonesia. The causality research method used with survey techniques and analysis units is the Credit Union that joined CUCO Indonesia with a total sample of 469 management and Credit Union management in Indonesia.

The results of testing the validity for each instrument variable from this study meet the criteria because it gets a p-value smaller than 0.05. The strategic management process shows 25 indicators with 4 dimensions, namely: SP (strategic planning) measures strategic planning activities, SF (strategic formulation) measures the activities of strategy formulation, SI (strategic implementation) measures the implementation of strategy activities and MONEV (monitoring - evaluation) measures monitoring activities and evaluation of strategy implementation.

Social entrepreneurship is measured by 16 indicators with 4 dimensions, namely: SEI (Social entrepreneur's intention) measures interest in social entrepreneurship, OEC (Organizational Entrepreneurship Capacity) measures capacity in entrepreneurship, PLE (Perceived Legislation of Entrepreneurship) measures perceptions of 'legitimacy' levels or 'moral agreement' and SEOC (Occupational Commitment) measure their commitment to the organization's social mission. The test results show that the loading value is greater than 0.30 (Hair et al, 2016), except for the fourth indicator of the capacity dimension, so it can be concluded that the 15 indicators are able to reflect a valid measure of social intention with SEI, OEC, PLE, and SEOC dimensions.

Servant leadership is measured by 20 indicators with 5 dimensions, namely: SLAC (altruistic calling) measures the call to do different, SLEH (emotional healing) measures the ability of leaders to cure emotional problems, SLW measures a combination of environmental awareness and anticipation of consequences, SLPM (persuasive mapping) describes the extent to which leaders use logical reasoning to measure capacity in entrepreneurship, and SLOS (organizational stewardship) describes the extent to which leaders prepare organizations to make a positive contribution to society

Social volunteers are measured by 16 indicators with 4 dimensions, namely: SVFC (free choice) measures the freedom of a volunteer to choose to volunteer, SVR (remuneration) measures the remuneration of voluntary activities, SVS (Structure) measures the structure in managing volunteers and SVIB (intended beneficiary) measures the benefits of participating in volunteer activities.

Organizational performance is measured by 12 indicators that measure performance achieved in aspects of education and service for members, staff and activist turnover, policies made, social impacts for members and 8 PEARLS indicators.

The results of reliability testing for each variable in this study can be seen in the table - 1 below.

Table –1
Resulted of Reliability Test

Variable	Cronbach Alpha	Conclusion
Strategic Management Process	.956	Reliable
Social Entrepreneurship	.897	Reliable
Servant Leadership	.971	Reliable
Social Volunteer	.923	Reliable
Organizational Performance	.813	Reliable

Source: Data processed.

The steps were taken in the data analysis process, first by tabulating the data. The questionnaire returned by the respondent was selected for completeness. Only a fully filled questionnaire is used. Selected

data are coded according to variable and classification variables and then tabulated using Excel software. The second is the stage of data analysis, using the Structural Equation Model (SEM) method. The software used for structural analysis is SmartPLS 3.0

IV. ANALYSIS AND DISCUSSION

The measurement model is known as the outer model, testing the model that explains the relationship between variables and testing indicators forming constructs. Variables in this study include the Strategic Management Process, Social Entrepreneurship, Servant Leadership, Social Volunteer and Organizational Performance. The outer loading value shows the weight of each indicator as a measure of each latent variable. The largest outer loading indicator shows that the indicator is the strongest (dominant) gauge.

Table – 2
Resulted of Hypothesis Testing
(The Effect of Inter-variable Bootstrapping Processing Results)

	Hypothesis	Original Sample (O)	T Statistics ((O/STDEV))	P Values	Explanation
stratmanprocess >servantleader	- H1	0,319	5,872	0,000	Hypothesis accepted
stratmanprocess ->orgperf	H2	0,216	3,256	0,001	Hypothesis accepted
servantleader ->orgperf	H3a	0,152	2,645	0,008	Hypothesis accepted
socialentre ->servantleader	H4	0,515	9,564	0,000	Hypothesis accepted
socialentre ->orgperf	H5	0,344	5,440	0,000	Hypothesis accepted
stratmanprocess >servantleader ->orgperf	- H3b	0,039	2,025	0,043	Hypothesis accepted
socialentre ->servantleader ->orgperf	- H6	0,078	2,647	0,008	Hypothesis accepted
Moderating Effect 1 >orgperf	- H7	0,058	1,964	0,050	Hypothesis accepted

Source: research results, processed

The path coefficient of the relationship between the SMP variables at SL is 0.319 with t-statistics 5.872 and the value of P 0.000, the regression coefficient is positive, indicating that the relationship between the two variables is positive. The SL variable path coefficient on OP is 0.152 with t-statistic 2.645 P value 0.008, regression coefficient is positive, indicating that the relationship between the two variables is positive. The path coefficient of the SE variable in SL is 0.515 with t-statistic 9.564, and the value of P 0.000 the magnitude of the regression coefficient is positive, indicating that the relationship between the two variables is positive. SE variable path coefficient on OP is 0.344 with t-statistic 5.440 and P value 0,000, the regression coefficient is positive, indicating that the relationship between the two variables is positive.

The results of testing the seven hypotheses were obtained from bootstrapping by looking at the magnitude of the first path coefficient, the SMP variable toward SL obtained the regression coefficient value of 0.319, with the value t-statistics 5.872. The value of t-statistics > 1.96, then there is an influence between the SMP variable on SL. The hypothesis which states that there is an influence between the influence of the SMP variable on SL is accepted. Second, the influence of the SMP variable on OP (H2) obtained a regression coefficient of 0.216, with a value of t-statistics 3.256. The value of t-statistics > 1.96, then there is an influence between the SMP variable on the OP. The hypothesis that there is an influence between the influence of the SMP variable on the OP is accepted.

Furthermore, for the effect of the SL variable on OP (H3a) the regression coefficient value is 0.152, with the value of t-statistics 2.645. The value of t-statistics > 1.96, then there is an influence between the SL variable on the OP. The hypothesis that there is an influence on the effect of the SL variable on the OP is accepted. Results that are not different for the effect of the SMP variable on OP (H3b) obtained a regression coefficient of 0.039, with a value of t-statistics 2.025. The value of t-statistics > 1.96, then there is an influence between the SMP variable on the OP. The hypothesis that there is an influence between the influence of the SMP variable on the OP is accepted.

Testing the effect of the SE variable on SL (H4) obtained a regression coefficient of 0.515, with a value of t-statistics 9.564. The value of t-statistics > 1.96, then there is an influence between the variable SE on SL. The hypothesis that there is an influence between the SE variables on SL is accepted. Similarly, by testing the effect of SE variables on OP (H5), the regression coefficient value is 0.344, with the value of t-statistics 5.440. The value of t-statistics > 1.96, then there is an influence between the variable SE on the OP. The hypothesis states that there is an influence between the SE variable on the OP accepted. Things that are not different from

the effect of the SE variable on OP through SL (H6) obtained a regression coefficient of 0.078, with the value t-statistics 2.647. The value of t-statistics > 1.96, then there is an influence between the variable SE on OP through SL. The hypothesis that there is an influence between the variable SE on OP through SL is accepted.

Testing the effect of the moderating variable SV on servantleader and OP (H7) obtained a regression coefficient of 0.058, with the value of t-statistics 1.964. The value of t-statistics > 1.96, then there is an influence between the moderating variable SV on SL and the OP Hypothesis which states that there is an influence between the effect of the moderating variable SV on SL and OP accepted.

Discussion

The results of testing the first hypothesis using the Smart PLS application program proved that the management process strategy significantly influences the servant leadership shows that Stratmanprocess has an effect on Servantleadership. Stratmanprocess consists of four dimensions, namely strategic planning, strategic formulation, strategic implementation, strategic monitoring & evaluation. The results of testing the second hypothesis that the strategic management process shows have a significant effect on organizational performance. For this second hypothesis shows that the strategic management process with 4 dimensions of strategic planning, strategic formulation, strategic implementation, strategic monitoring & evaluation has an effect on organizational performance with two dimensions namely perceived organizational performance and PEARLS.

The results of testing the third hypothesis (a) that servant leadership shows have a significant influence on organizational performance. This third hypothesis shows that servant leadership as a mediating variable measured by five dimensions of leadership namely altruistic calling, emotional healing, wisdom, persuasive mapping, and organizational stewardship influences organizational performance with two dimensions namely perceived organizational performance and PEARLS. Likewise with Leadership servants mediating the effect of the Strategic Management Process on Organizational Performance is proven significantly.

The results of testing the fourth hypothesis concerning social entrepreneurship (social entrepreneurship) proved to have a significant effect on Servant Leadership. The influence of Social Entrepreneurship in research with four important elements related to the behavior of social entrepreneurship actors, namely social entrepreneurs intentions, individual self-perceptions, perceived legitimation of entrepreneurship, and occupational commitment have a significant influence on the role of leaders who serve. In other words, the role of social entrepreneurship and leadership serving in social entrepreneurship provides more significant support for social values and organizational performance, and social values themselves also influence organizational performance.

Social Entrepreneurship (social entrepreneurship) has been shown to significantly influence Organizational Performance (organizational performance) in this study. The influence of Social Entrepreneurship with four important elements related to the behavior of social entrepreneurship actors, namely social entrepreneurs intentions, individual self-perceptions, perceived legitimation of entrepreneurship, and occupational commitment have a significant influence on achieving organizational performance related to the level of education and training services to members; The level of resignation of the management, supervisors, committees and management staff; The level of success of implementing policies and SOPs; Level of achievement of work program: Level of social impact and member income; The level of expectations of members will fulfill their needs; and also towards achieving growth and strength in terms of PEARLS to ensure the security and sustainability of the CU.

Servant Leadership mediating the effect of Social Entrepreneurship on organizational performance is proven significantly. This means that in line with various previous studies conducted by Alvord, Brown and Letts, (2004), Mair & Noboa (2006), Augusto et al. (2013), Felicio et al. (2013), Seddon et al. (2014), Young et al. (2015), Sengupta et al. (2017), and Grassl (2012). Richards et al. (2015) emphasize that how social capital consists of ties, relationships, and linkages that unite community members and can be considered as the beginning of economic capital. A model of interaction between the main stakeholder groups involved in the cooperative was presented. This is increasingly evident when interactions have potential social capital deficits (Richard & Reed, 2015; de Castro et al., 2016; Zsolnai et al., 2015).

The results of testing the seventh hypothesis that volunteer social (volunteer souls) have a significant moderating function on servant leadership that is influenced by strategic management processes and social entrepreneurship in determining organizational performance, proved significantly in this study. This means that in line with various previous studies conducted by Alvord et al. (2004), Mair & Noboa (2006), Augusto et al. (2013), Felicio et al. (2013), Seddon et al. (2014), Young et al. (2015), Sengupta et al. (2017), Grassl (2012); and O'Regan et al. (2004), Parnell (2010), Parnell (2010) Nandakumar et al. (2010), Tripaty (2014), Banker et al. (2014), Marx (2015), and Oyewobi et al. (2016).

V. CONCLUSION

Research on the effect of the strategic management process and social entrepreneurship on organizational performance with servant leadership as mediation and social volunteers as moderating between servant leadership and organizational performance is strategic management research with the object of the Credit Union (CU) movement in Indonesia. Thus, this study successfully proved that servant leadership has the role of mediation and social volunteer (social volunteerism) has a role as moderating between the strategic management process and social entrepreneurship towards organizational performance. on non-profit organizations. A number of conclusions related to this study are as follows:

1. The strategic management process affects significantly the servant leadership. With the largest dimension that contributes (loading factor) to the formation of strategic management, process variables are the dimension of strategy formulation. This shows that the level of strategy formulation in the CU-CU network of Puskopdit members of BKCU Kalimantan is seen as very instrumental in the leadership of the servants. The fundamental challenge for CU leaders is how to practice management strategic processes adequately to facilitate them in leading and directing GMs / Managers to lead CU operations and also that GMs / Managers have adequate guidance to lead management staff to run CU operations.
2. The strategic management process also affects organizational performance. This shows that in order to achieve organizational performance, the strategic management process in CU is very important and fundamental so that CU has a clear direction to achieve its best performance. The practice of strategic management process is part of organizational governance that is able to manage internal resources to be able to respond to changes that occur around it. This is a challenge for CU leaders to implement a quality strategic management process to ensure the security, health, and sustainability of CU in serving its members.
3. Servant leadership has a significant influence on organizational performance. With the biggest dimension that contributes (loading factor) to the formation of accepted servant leadership variables is the wisdom dimension. CU as a form of cooperative and also a movement that aims to improve community welfare relies on the ability of leaders to mobilize the people involved in it. Wisdom virtues in leading (making decisions, moving, giving examples through attitudes and actions) are needed.
4. Social entrepreneurship has been shown to significantly influence the servant leadership. With the biggest dimension that contributes (loading factor) to the formation of social entrepreneurship, variables are the intention dimension. The consistency of CUs to continue to balance economic goals and social goals to benefit society influences servant leadership. The challenge of the CU to continue to create balance while taking into account the conditions of change and progress that took place in the millennial era urged innovation and an adequate entrepreneurial spirit.
5. Social entrepreneurship has been shown to significantly influence organizational performance. Which means that the better the social entrepreneurship of a CU is developed, the better the performance of the organization. The challenge of the CU is the courage to put themselves in the realm of entrepreneurship as one of the economic entities that take into account innovations or breakthroughs that strengthen the sustainability of the CU.
6. Servant leadership has a significant mediating function between the strategic management process and organizational performance. With the biggest dimension that contributes (loading factor) to the formation of accepted servant leadership variables is the organizational stewardship dimension. The challenge for CU leaders is to give confidence to the community that CU can play a role in the community and provide a positive role in improving community welfare. This study provides evidence that servant leadership offers a spirit of service complemented by the wisdom and ability to convince followers of a 'big dream' through cooperative organizations such as CU.
7. Servant leadership has a significant mediating function between social entrepreneurship and organizational performance. The role of the leader in moving CU by sticking to the social mission by carrying out social entrepreneurship is very important. The quality of the expected leader is the ability to move and convince his followers by giving an example of calling to altruistic things and being able to give wise decisions accompanied by persuasion and emotional healing approaches. The challenge of CU leaders now is the lack of innovation and fear of making entrepreneurial breakthroughs for fear of failure.
8. Volunteer social have a significant moderating function on servant leadership that is influenced by strategic management processes and social entrepreneurship in determining organizational performance. The social volunteer spirit is still very much needed to strengthen leadership for organizations whose service base is by members and for members such as CU. The spirit of helping others and the community based on free choice because they feel the importance of living together and good for all is still needed. However, adequate guidance and structure in managing activists in carrying out operational activities including in terms of remuneration should be considered better to ensure sustainability.

Theoretical Implications

The results of testing the servant leadership's mediating function between strategic management process variables and social entrepreneurship with organizational performance provide a clear contribution to strategic management that specializes in non-profit organizations, especially in developing micro-finance or cooperative. Likewise with the results of testing volunteer social who have a significant moderating function on servant leadership that is influenced by strategic management processes and social entrepreneurship in determining organizational performance (contribution to organizational performance) contributes to volunteer management. Servant leadership (serving leadership) and volunteer social (volunteer soul) become variables or factors that must be taken into account if the organization (non-profit) wants to maximize the performance of its organization to achieve its goals or mission, especially in social missions.

Managerial Implications

Managerial implications for various non-profit organizations, especially the cooperative movement in Indonesia, first is the overall strategic management process must receive serious attention in managing organizations including non-profits or cooperatives. Specifically the implementation of the Business Plan CU level, especially in promoting, marketing and partnerships related to the role and involvement of Top management (GM/manager to the head of the office and head of sector/section) involved in formulating the Business Plan must be improved.

Secondly, CU Leaders are required to have the courage to take business risks (business) and be courageous with mature calculations in making innovative business breakthroughs to compete in the era of development of the financial services industry that is increasingly facilitated by technology. In addition, CU leaders need to optimize their role as people who can heal emotionally related problems with people who are led and colleagues in improving the performance of their organizations.

Third, assessment and appreciation for activists at the CU must continue to be carried out and standardization that is felt to be fair (fair) and provide encouragement to be loyal to activists in the long term. CU leaders must be able to manage high expectations of cooperative members on organizational performance so that the tendency of the level of turnover (resignation) of administrators, supervisors, and committees is as small as possible.

Fourth, the formulation and development of the standardized performance of CUs from financial and non-financial aspects must be reviewed and improved in accordance with the progress of the financial services industry and also on the goals of sustainable human development. The education and training department at CU immediately prepared a curriculum and module for the training of management, supervisors and top management related topics such as the following: Strategic Management Process, Decision Making, Waiter Leadership Training, Non-Profit Organization Leadership Training or Cooperatives that accommodate Social Volunteer).

VI. LIMITATIONS AND SUGGESTIONS

This research is limited by the mediation-moderation test model, by not including a number of variables such as volunteer engagement (Kang.2016), social capital (Richards & Reed.2015) and social innovation process (Vezina et al. 2018). This research also has limitations because it has only taken samples from a CU Puskopdit network in Indonesia so that there is still a need for thorough research if it wants to obtain a panoramic view of the entire Indonesian CU (CUCO) movement which has 831 CUs. Likewise with the limitations of survey techniques that should be complemented by focus group discussions are the limitations of this study.

REFERENCES

- [1]. ACCU.(2012). Manual Credit Union Supervisory Competency Course. Bangkok: Association of Asian Confederation of Credit Unions
- [2]. _____. (2016). Sustainability Credit Union In Asia, ACCU 2012 Report. Association of Asian Confederation of Credit Unions
- [3]. Allison, M., & Kaye, J. (2005). Strategic planning for nonprofit organizations: A practical guide and workbook (2nd ed.). Hoboken, NJ: Wiley
- [4]. Alvord, S.H., Brown, L.D. and Letts, C.W. (2004) Social Entrepreneurship and Societal Transformation: An Exploratory Study. *Journal of Applied Behavioural Science*, 40, 260-282. <https://doi.org/10.1177/0021886304266847>
- [5]. Aosa, E. (2011). Strategic Management within Kenya firms: *Africa Management Review Journal*.1(1):1-34.
- [6]. Augusto, J. Felício, Helena Martins Gonçalves, Vítor da Conceição Gonçalves. (2013). Social value and organizational performance in non-profit social organizations: Social entrepreneurship, leadership, and socioeconomic context effects. *Journal of Business Research*, Vol. 66 pp. 2139–2146
- [7]. Banker, R. D., Raj M., and Arindam T. (2014). Does a differentiation strategy lead to more sustainable financial performance than a cost leadership strategy?. *Management Decisions*, 52(5): 872 – 896
- [8]. CUCO.(2018). LaporanRapatAnggotaTahunan. Tb. 2017
- [9]. David, Fred. (2011). *Strategic Management: Concept and Cases*. 13 ed., Prentice Hall.
- [10]. Dees, J. G. (1998). The Meaning of Social Entrepreneurship. *Kauffman Center for Entrepreneurial Leadership*, 1–5. Retrieved from

- <http://www.redalmarza.com/ing/pdf/TheMeaningofSocialEntrepreneurship.pdf>
- [11]. Dees, J. G., & Anderson, B. B. (2006). Book Chapter_Deese_FramingTheory of SE. In Research on social entrepreneurship (pp. 39–66).
- [12]. Dib, JonidaBou; Eralda Shore;and Mariana Nikolla. (2013). Evaluating the Performance of Albanian Savings and Credit (ASC) Union. *European Journal of Sustainable Development* 2, 4: 109-118
- [13]. Faircloth J.B., 2005. Factors influencing nonprofit resource provider support decisions: applying the brand equity concept to nonprofits. *Journal of Marketing Theory and Practice*, 13, 3, 1–14
- [14]. Geisser, S. (1974).A Predictive Approach to the Random Effects Model, *Biometrika*, 61(1): 101-107.
- [15]. Glass, J. Colin Donal G. Mckillop,And Barry Quinn.(2014). Modeling the Performance of Irish Credit Unions, 2002 to 2010. *Financial Accountability & Management*, 30(4): 0267-4424
- [16]. Goddard, John; Donal McKillop; and John O. S. Wilson. (2008). What drives the performance of cooperative financial institutions? Evidence for US credit unions, *Applied Financial Economics*, 18: 879–893
- [17]. Grassl, Wolfgang. (2012). Business Models of Social Enterprise: A Design Approach to Hybridity, *ACRN Journal of Entrepreneurship Perspectives* Vol. 1, Issue 1, p. 37 – 60, Feb. 2012 ISSN 2224-9729
- [18]. Greenleaf, R. K. (1977). The Servant as Leader The Servant as Leader.https://www.essr.net/~jafundo/mestrado_material_itgkhnld/IV/Lideran%C3%A7as/The%20Servant%20as%20Leader.pdf Accessed on 26 Juni 2018
- [19]. Hair, J. F., Black. W. C., Babin. B. J.; and Anderson. R. E. (2010), *Multivariate Data Analysis*, 7th ed. Pearson Prentice Hall, New Jersey.
- [20]. Jasevičienė, Filomena; VytautasKėdaitis; and SimonaVidzbelytė.(2014). Credit Unions' Activity And Factors Determining The Choice Of Them In Lithuania.ISSN 1392-1258.EKONOMIKA. 93 (1):117-130
- [21]. Johnson, G., & Scholes K. (2013).*Exploring Corporate Strategy*, 3rd Edition, Prentice- Hall, Eagle woods Cliffs, NJ.
- [22]. Johnson, G., Whittington R., & Scholes K. (2011).*Strategic Management: implementation and control*, MC GrawHill, 12th Edition
- [23]. Kang, Minjeong.(2016) "Moderating effects of identification on volunteer engagement: An exploratory study of a faith-based charity organization", *Journal of Communication Management*, Vol. 20 Issue: 2, pp.102-117, <https://doi.org/10.1108/JCOM-08-2014-0051>
- [24]. Mair, J., & Martí, I. (2006). Social entrepreneurship research: A source of explanation, prediction, and delight. *Journal of World Business*, 41(1), 36–44. <https://doi.org/10.1016/j.jwb.2005.09.002>
- [25]. Mair, Johanna, and Noboa, Ernesto (2006). Social Entrepreneurship: How Intentions to Create a Social Venture. *Social Entrepreneurship*. © Johanna Mair, Jeffrey Robinson, Kai Hockerts 121-135
- [26]. Marx, T. G. (2015). The impact of business strategy on leadership. *Journal of Strategy and Management*, 8(2), 110–126. <https://doi.org/10.1108/JSMA-06-2014-0042>
- [27]. McKillop, Donal; and John O.S. Wilson.(2011). Credit Unions: A Theoretical and Empirical Overview, *Financial Market Institution and Instrument*. New York University Salomon Center and Wiley Periodicals, Inc. 79-123
- [28]. Mckillop, D. G., & Quinn, B. (2017). Irish credit unions : Differential regulation based on business model complexity. *The British Accounting Review*, 49(2), 230–241. <https://doi.org/10.1016/j.bar.2016.07.001>
- [29]. Morin, Estelle M. &Audebrand, Luc K. (2014) *Organizational Performance And Meaning Of Work: Correcting For Restricted Range*. <https://www.researchgate.net/publication/228938395>
- [30]. Myers, Jan; Molly Scott Cato; and Paul A. Jones (2012). An ‘alternative mainstream’? The impact of financial inclusion policy on credit unions in Wales,*Public Money & Management*, 32:6, 409-416
- [31]. Nandakumar, M.K.;AbbyGhobadian; and Nicholas O'Regan. (2010).Business-level strategy and performance: The moderating effects of environment and structure. *Management Decision*, Vol. 48 Issue: 6, pp.907-939,
- [32]. Noah, L. M., & Were, S. (2018). Influence Of Strategic Management Process On Performance Of Oil Marketing Companies In Kenya. *The Strategic Journal of Business & Change Management*, 5, 605–638.
- [33]. O' Regan, N., & Ghobadian, A. (2004). Leadership and Strategy : Making it Happen. *Journal of General Management*, 29(3), 76–91.
- [34]. Oyewobi, LuqmanOyekunle; AbimbolaOlukemiWindapo; James OlabodeBamideleRotimi; and Richard AjayiJimoh. (2016), Relationship between competitive strategy and construction organization performance: The moderating role of organizational characteristics. *Management Decision*, Vol. 54 Issue: 9, pp.2340-2366
- [35]. Parnell, John A. (2010). Strategic clarity, business strategy,and performance.*Journal of Strategy and Management*, Vol. 3 Iss 4 pp. 304 - 324
- [36]. Pearce J.A.,& Robinson R.B., (2010). The Tenuous link between formal strategic planning and financial performance.*Academy of Management Review*12.
- [37]. Richardson, D. C. (2002). Pearls monitoring system. *The World Council of Credit Unions Toolkit Series*, (4).
- [38]. Richards, Adam & Reed, John.(2015). Social capital's role in the development of volunteer-led cooperatives.*Social Enterprise Journal*, Vol. 11 Issue: 1,pp. 4-23
- [39]. Schwartz Shalom H. (1999).A Theory of Cultural Values and Some Implications for Work.*Applied Psychology: An International Review*, Vol. 48 (1), 23–47
- [40]. Sendjaya, S. danSarros, J. C. 2002.Servant leadership: Its Origin, Development,and Application in Organizations. *Journal Of Leadership and Organization Studies*.
- [41]. Snyder, M., & Omoto, A. M. (2008). Volunteerism : Social Issues Perspectives and Social Policy Implications. *Social Issues and Policy Review*, 2(1), 1–36.
- [42]. Spears, Larry. 2010. Character and Servant Leadership: Ten Characteristics of Effective, Caring Leaders. *The Journal of Virtues & Leadership*.Vol. 1 Iss. 1, 2010, pp 25-30.
- [43]. Stebbins, R. A. (1996). Volunteering: A Serious Leisure Perspective. *Nonprofit and Voluntary Sector Quarterly*, 25, 211–224. <https://doi.org/10.1177/0899764096252005>
- [44]. Steiss, Alan Walter. (2003) *Strategic Management for Public and Nonprofit Organizations*. Marcel Dekker, Inc
- [45]. Stone, M. (1974). Cross-Validatory Choice and Assessment of Statistical Predictions, *Journal of the Royal Statistical Society*, 36(2): pp 111-147.
- [46]. Stukas, A. A., Worth, K. A., Clary, E. G., & Snyder, M. (2009). The Matching of Motivations to Affordances in the Volunteer Environment An Index for Assessing the Impact of Multiple Matches on Volunteer Outcomes. *Nonprofit and Voluntary Sector Quarterly*, 38(1), 5–28.
- [47]. SubhanjanSenguptaArunadityaSahay.(2017). "Social entrepreneurship research in Asia-Pacific: perspectives and opportunities", *Social Enterprise Journal*, Vol. 13 Iss 1 pp. - <http://dx.doi.org/10.1108/SEJ-11-2016-0050>

- [48]. Teece, D. J., Pisano, G., & Shuen, A. (1997). Dynamic capabilities and strategic management. *Strategic Management Journal*, 18(March), 509–533.
- [49]. Tidwell, M. V. (2005). A Social Identity Model of Prosocial Behaviors Within Nonprofit Organizations. *Non-Profit Management & Leadership*, 15(4), 449–467.
- [50]. Trompenaars, Fons and Ed Voerman. *Servant Leadership Across Cultures – Harnessing the Strength of the World’s Most Powerful Management Philosophy*. Infinite Ideas Ltd, Oxford, UK:2009.
- [51]. Umar, Husein 2003. *Metodologi Penelitian: Aplikasi dalam Pemasaran* Jakarta: Gramedia Pustaka Utama
- [52]. Vézina, Martine., Selma, Majdi Ben., & Malo, Marie Claire. (2018) "Exploring the social innovation process in a large market based social enterprise: A dynamic capabilities approach", *Management Decision*, <https://doi.org/10.1108/MD-01-2017-0090>
- [53]. Ward, A. M., & Mckillop, D. G. (2011). An Examination Of Volunteer Motivation In Credit Unions : Informing Volunteer Resource Management. *Annals of Public and Cooperative Economics*, 82:3, 253–275.
- [54]. Website WOCCU. (2002), Board of Directors Duties and Responsibilities. Retrieved 12/06/2005 from <http://www.woccu.org/bestpractices/governance>
- [55]. Zahra, S. A., Gedajlovic, E., Neubaum, D. O., & Shulman, J. M. (2009). A typology of social entrepreneurs: Motives, search processes, and ethical challenges. *Journal of Business Venturing*, 24(5), 519–532. <https://doi.org/10.1016/j.jbusvent.2008.04.007>

Rd. Fredy Rante Taruk "The Important Role of Strategic Management Process in Cooperative Management in Indonesia Setting" *International Journal of Business and Management Invention (IJBMI)*, vol. 08, no. 11, 2019, pp 49-59