

## **Analysis Of Member Participation, Local Social Capital, And The Role Of Government On The Welfare Of Cooperative Members: Comparative Study Between KSU Banjar Adat And KSU Conventional In Gianyar Regency**

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### **Abstract**

The populist economic system is the economic system adopted by the Indonesian state. Cooperatives are identical to the people's economic system, so they are expected to be able to make a real contribution to people's economic empowerment. The purpose of this study was to prove and analyze the effect of member participation, local social capital, and the role of government on the performance of cooperatives; to prove and analyze the effect of member participation, local social capital, and the role of government on the welfare of cooperative members; to prove and analyze the effect of cooperative performance on the welfare of cooperative members; to prove and analyze whether the performance of cooperatives mediates the effect of member participation, social capital, and the role of the government on the welfare of cooperative members at KSU Banjar Adat and KSU Conventional in Gianyar Regency; and to analyze the comparison of the influence of local social capital on the performance of cooperatives and the welfare of cooperative members at KSU Banjar Adat and KSU Conventional in Gianyar Regency. The number of samples in this study were 86 units of Banjar Adat cooperatives and conventional cooperatives, with structural equation modeling analysis tools based on Partial Least Square (PLS). The results showed that: (1) The performance of KSU Banjar Adat and KSU Conventional in Gianyar Regency is influenced by the level of member participation, local social capital, and the role of the government; (2) Member participation and local social capital have a direct effect on the welfare of members both at KSU Banjar Adat and KSU Conventional in Gianyar Regency. The role of government affects the welfare of cooperative members indirectly; (3) The level of welfare of members of KSU Banjar Adat and KSU

Conventional in Gianyar Regency is influenced by cooperative performance which is reflected by work behavior such as cooperation, discipline, and individual member relationships;(4) Cooperative performance partially mediates the effect of member participation and local social capital on member welfare.Cooperative performance is known to fully mediate the influence of the government's role on the welfare of members of KSU Banjar Adat and KSU Conventional in Gianyar Regency; and (5) local social capital at KSU Banjar Adat in Gianyar Regency is stronger than local social capital at KSU Conventional.

**Keywords:** member participation, local social capital, the role of government, welfare

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## INTRODUCTION

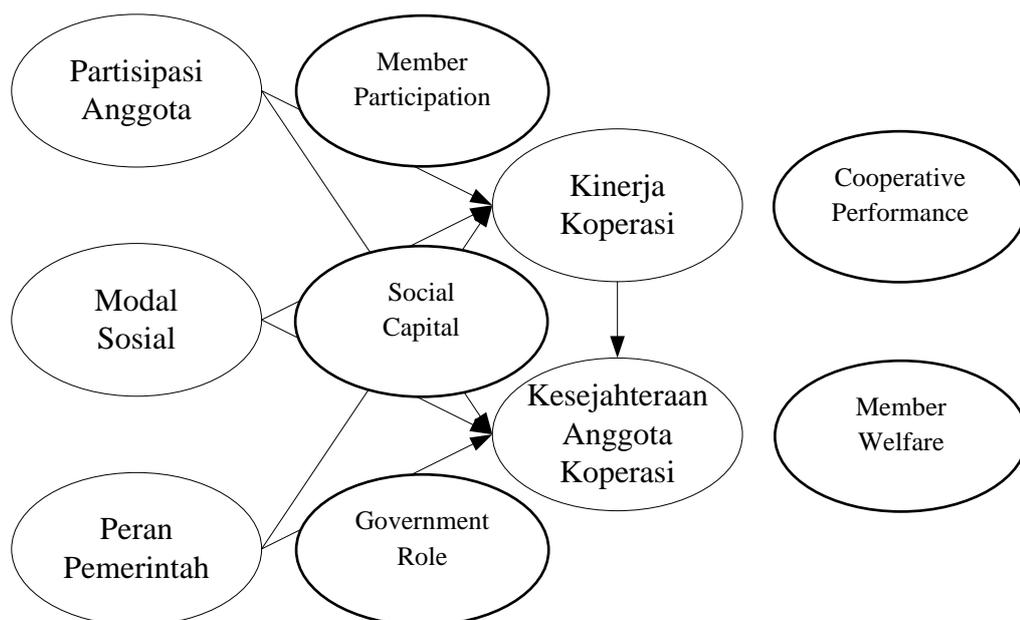
Indonesia is a country that adheres to a populist economic system.Indonesia also believes that the principle of government from the people, by the people and for the people who become the spirit of democracy will be able to realize the prosperity that it aspires to.Cooperatives are identical with the people's economic system, so they are believed to be an alternative to solve Indonesia's socio-economic problems.However, the cooperative movement in Indonesia is still more dominant as a moral movement than as an economic movement in order to improve the economic welfare of its members.Institutionally, cooperatives are more prominent as a social vehicle when the role of cooperatives should not only be limited to social roles but also economic roles.Cooperatives are expected to be able to make a real contribution to people's economic empowerment.Building cooperatives starting from the village is based on the idea that cooperatives can grow if they have organizations and businesses that are firmly rooted in people's lives.The Gianyar Regency Government is one of the regions that is quite confident that cooperatives can be raised with a cooperative strategy as a Village Owned Enterprise.Conventional cooperatives and Banjar Adat cooperatives still adhere to one goal, namely to meet the needs and improve the welfare of their members.The local character that is put forward in the Banjar Adat cooperative is very interesting to study, as well as how the differences in the influence of member participation, local social capital and the role of the government on the performance and welfare of members between Banjar Adat cooperatives and conventional cooperatives are different.It is undeniable that the welfare of cooperative members is certainly influenced by the productivity or performance of the cooperative itself.And cooperatives as a collection of people (not a collection of capital) who have both economic and social motives, the level of member participation is one of the keys to the performance of cooperatives.As a collection of people, of course there will be interaction and association as a community.

Generating cooperatives from villages does not necessarily create strong and healthy cooperatives.One of the indicators commonly used to measure the performance of cooperatives is the development of business volume and residual income (SHU – Sisa Hasil Usaha).Like the company's profit, SHU is strongly influenced by the demand side (effective price and sales volume) and supply (production cost).So, SHU reflects the level of efficiency that is directly proportional to the level of productivity or

performance of the cooperative.

The suboptimal performance of the Banjar Adat cooperative is suspected to be caused by several factors such as the weak level of member participation, social capital, cooperative financial performance and the role of the government. This has been proven by Liang et al. (2015) wherein the financial performance of farmer cooperatives in Zhejiang Province-China is positively and significantly influenced by factors of social capital and the participation of its members. Meanwhile, the importance of the government's role on cooperative performance can refer to Yuliarmi's research (2011) on the Role of Government and Customary Institutions in Empowering Small and Medium Industries (Study of Handicraft Industry in Bali Province), where one conclusion states that there is a significant influence of the government's role on the empowerment of small and medium industries in the province of Bali. Based on this reference, it is very likely that the performance of the Banjar Adat cooperative is related to the level of member participation, the quality of social capital and encouragement from the government.

There have been many studies that in a community there is social capital, namely resources that are non-economic but have economic value that arise from interactions, both between individuals and institutions that give birth to emotional bonds in the form of trust, social networks, values and norms. This is in line with the research of Yuliarmi and Sugiastini (2015) which stated that there was a significant effect of participation on the success of KSU in Denpasar City. Then Sugiharsono (2009), Osterberg and Nilson (2009) also prove that there is a significant relationship between member participation and cooperative success. Member participation has a positive and significant impact on the performance and success of cooperatives in order to be able to experience high growth (Ayuk, 2013). In relation to social capital, Liang et al. (2015) stated that member participation and social capital have a positive and significant effect on the financial performance of cooperatives in Zhejiang Province, China. Furthermore, Madhin (2001) also proves the influence of social capital on the productivity of cooperatives. In the context of local social capital, Sedana (2013) states that social capital also influences the development of the subak system which is the local wisdom of the Balinese people. In the Balinese community, local institutions are known that can enrich the concept of social capital, namely the satya attitude, local norms and menyama braya. Social capital in local Balinese institutions is a holistic embodiment of people's lives, namely regulating human relationships with God, human relationships with humans and regulating human relationships with their natural environment. Thus, its existence can certainly affect all aspects of people's lives, including their role in the business or economic dimension. Based on this background, the conceptual framework and the formulation of the hypothesis in this study are:



**Figure 1**

### **Research Concept Framework**

Based on theory and journals as well as the results of previous research, the hypothesis of this research is as follows.

- 1) Member participation have a positive and significant effect on cooperative performance at KSU Banjar Adat and KSU Conventional in Gianyar Regency.
- 2) Social capital have a positive and significant effect on the performance of cooperatives at KSU Banjar Adat and KSU Conventional in Gianyar Regency.
- 3) The role of the government have a positive and significant impact on the performance of cooperatives at KSU Banjar Adat and KSU Conventional in Gianyar Regency.
- 4) Member participation have a positive and significant effect on the welfare of cooperative members at KSU Banjar Adat and KSU Conventional in Gianyar Regency.
- 5) Social capital have a positive and significant effect on the welfare of cooperative members at KSU Banjar Adat and KSU Conventional in Gianyar Regency.
- 6) The role of the government have a positive and significant impact on the welfare of cooperative members at KSU Banjar Adat and KSU Conventional in Gianyar Regency.
- 7) Cooperative performance have a positive and significant effect on the welfare of cooperative members at KSU Banjar Adat and KSU Conventional in Gianyar Regency.
- 8) Cooperative performance significantly mediates the effect of member participation on the welfare of cooperative members at KSU Banjar Adat and KSU Conventional in Gianyar Regency.

- 9) Cooperative performance significantly mediates the effect of social capital on the welfare of cooperative members at KSU Banjar Adat and KSU Conventional in Gianyar Regency.
- 10) Cooperative performance significantly mediates the influence of the government's role on the welfare of cooperative members at KSU Banjar Adat and KSU Conventional in Gianyar Regency.
- 11) Social capital have a better effect on cooperative performance at KSU Banjar Adat than Conventional KSU in Gianyar Regency.
- 12) Social capital has a better effect on the welfare of cooperative members at KSU Banjar Adat than Conventional KSU in Gianyar Regency.

## **RESEARCH METHODS**

This study uses a comparative method which is operationalized through a survey using a quantitative and qualitative approach, which aims to obtain a comprehensive picture of member participation, local social capital, the role of government, and cooperative performance on the welfare of its members. The number of samples in this study were 86 units of Banjar Adat cooperatives and conventional cooperatives, with structural equation modeling analysis tools based on Partial Least Square (PLS).

## **RESULT AND DISCUSSION**

Based on the results of the questionnaires conducted, it can be explained that the characteristics of the respondents in this study are in terms of age, the dominant respondents are in the age range of 41-50 years, which is 31.40 percent. Furthermore, respondents in the age range of 31-40 years amounted to 26.74 percent. Meanwhile, respondents aged 21-30 years and 51-60 years were 18.60 percent and 15.12 percent, respectively. However, there are still respondents who are more than 60 years old, which is 4.65 percent. There are also 3.49 percent of respondents who are younger than 20 years. Based on gender, most of the respondents were male, amounting to 66.28 percent, while the remaining 33.72 percent were female. This one shows that men still dominate the management of KSU in Gianyar Regency. Based on the latest education, most of the respondents have undergraduate education (S1 - Pendidikan Sarjana), which is 39.53 percent. Furthermore, it is also known that 24.42 percent of respondents have postgraduate education, and 16.28 percent have diploma education. While the remaining 19.77 percent completed high school/vocational/equivalent education. As described in the research hypothesis, this study also aims to analyze the direct and indirect effects of one construct on other constructs. The analysis is carried out by evaluating the Path Coefficients accompanied by t-Statistics and p-values. The results are presented in Table 5.17 and Table 2.

**Table 1 Coefficient Value of Direct Effect of Research Variables Analysis of Member Participation, Local Social Capital, and the Role of Government on the Welfare of Cooperative Members(Comparative Study Between KSU Banjar Adat and KSU Conventional in Gianyar Regency)**

No	Variable Relationship	Original Sample	Standard Devisiasi	T Statistics	P Values	Information
1.	MP -->MW	0,235	0,056	4,161	0,000	Significant
2.	SC -->MW	0,204	0,078	2,604	0,000	Significant
3.	GR -->MW	0,106	0,068	1,564	0,118	Non Significant
4.	MP -->CP	0,427	0,057	7,488	0,000	Significant
5.	SC -->CP	0,398	0,057	7,033	0,000	Significant
6.	GR -->CP	0,283	0,066	4,313	0,000	Significant
7.	CP -->MW	0,495	0,100	4,932	0,000	Significant

Information: MP=Member Participation; SC=local Social Capital; GR=Government Role; KK=Cooperative Performance; MW=Member Welfare.

Source: Data processed, 2021

**Table 2 Coefficient Value of Indirect Effect of Variable Analysis of Member Participation, Local Social Capital, and Government's Role on the Welfare of Cooperative Members(Comparative Study Between KSU Banjar Adat and KSU Conventional in Gianyar Regency)**

No	Variable Relationship	Original Sample	Standard Deviation	T Statistics	P Values	Information
1.	MP -->MW	0,212	0,054	3,925	0,000	Significant
2.	SC -->MW	0,197	0,057	3,475	0,001	Significant
3.	GR -->MW	0,140	0,040	3,545	0,000	Significant

Information: MP=Member Participation; SC=local Social Capital; GR=Government Role; KK=Cooperative Performance; MW=Member Welfare.

Source: Data processed, 2021

The Wilk's lambda test and the significance value were used to examine the similarities in groups, where if the Wilk's lambda was close to 0 then there tended to be differences within the group. If the significance is greater than 0.05, it can be said that there is no difference in the group, and vice versa.

**Table 3**

**The results of the Equal Test of Variables in the Indirect Effect of Variables Analysis of Member Participation Analysis, Local Social Capital, and the Role of the Government on the Welfare of Cooperative Members (Comparative Study Between KSU Banjar Adat and KSU Conventional in Gianyar Regency)**

Variable	Wilk's Lambda	F	df1	df2	Sig.
Member Participation	0,991	0,769	1	84	0,383
Local Social Capital	0,987	1,092	1	84	0,299
Government Role	0,990	0,863	1	84	0,356
Cooperative Performance	0,987	1,074	1	84	0,303
Member Welfare	0,993	0,597	1	84	0,442

Source: Data processed, 2021

In accordance with Table 3, it can be seen that the Wilk's lambda value is not close to 0 and the significance of all variables is greater than 0 so it can be said that these variables do not make a difference. The following table 4 shows that because there are only two groups formed, there is only one discriminant function, with an eigenvalue of which includes 100 percent of the explained variance.

**Table 4 Eigenvalues and Canonical Correlation in Research Indirect Effects of Variable Analysis of Member Participation, Local Social Capital, and the Role of the Government on the Welfare of Cooperative Members (Comparative Study Between KSU Banjar Adat and KSU Conventional in Gianyar Regency)**

Function	Eigenvalue	% of Variance	Cumulative %	Canonical Correlation
1	0,022 <sup>a</sup>	100,0	100,0	0,147

Source: Data processed, 2021

The canonical correlation value is used to measure the degree of relationship between discriminant results or the amount of variability that can be explained by the independent variable to the dependent variable. Table 5.21 shows the canonical correlation value of 0.147 which, when squared, results in 0.021 which means that 2.1 percent of the variance of the variables can be explained from the discriminant model

formed. The canonical correlation value shows the relationship between the discriminant value and the group. A value of 0.147 means that the relationship is low because it is close to 0.

The results of the discriminant analysis prove that hypothesis 11 and hypothesis 12 in this study are proven, namely as follows.

- 1) Local social capital has a better effect on cooperative performance at KSU Banjar Adat than conventional KSU in Gianyar Regency.
- 2) Local social capital has a better effect on the welfare of members at KSU Banjar Adat than Conventional KSU in Gianyar Regency.

### **The Effect of Member Participation, Local Social Capital, and the Role of Government on Cooperative Performance at KSU Banjar Adat and KSU Conventional in Gianyar Regency**

The results of the study and analysis of research data showed that the participation of members had a positive and significant effect on the performance of KSU Banjar Adat and KSU Conventional in Gianyar Regency. This means that the better the participation of members of the KSU banjar adat and Conventional KSU in Gianyar Regency, the performance of the KSU Banjar Adat and Conventional KSU also increases. Member participation is reflected most dominantly by one of the indicators (latent variable) of member participation, namely the activeness of giving suggestions/criticism, followed by repayment of principal and mandatory savings on time and finally an indicator of active transactions on cooperative products or services.

The results of this study indicate that the role of cooperative members is very important in realizing good cooperative performance. Moreover, cooperatives are institutions formed on the principle of kinship so that the involvement of members is clearly the main thing. One of the important relationships that must be carried out by cooperatives is with its members (for members to participate), whose position is both owner and user of cooperative services (Ahmad et al., 2019). Of course there is an economic motivation for cooperative members as owners who will question the funds (savings) that have been submitted, whether they are profitable or not. Meanwhile, cooperative members as users will question the continuity of marketing their products, procurement of goods and services, whether or not cooperative services are profitable compared to sellers or buyers outside the cooperative. One of the things that can clearly show member participation is participation in RAT.

The Regulation of the Minister of Cooperatives Number 19 of 2015 states that the Member Meeting is to hold the Management and Supervisors accountable which is held at least 1 (one) time a year, so it is known as the Annual Member Meeting. In addition, the RAT will discuss management policies and cooperative work plans for the coming financial year (Zulkifli and Rachim, 2019). Through the orderly implementation of the RAT, it is hoped that cooperatives can detect cooperative problems, so that they can

provide faster solutions. In addition, RAT is also a meeting medium for members and administrators and directs members to be able to play an active role both in making deposits and transacting using cooperative services. Many cooperative members also provide criticism/suggestions/input to improve cooperative performance.

Several previous research results also state that member participation has a positive and significant effect on cooperative performance. As the results of research by Abdulahi and Petronila (2011) regarding the effect of member participation on cooperative performance, where the study was conducted on Multipurpose Cooperative Societies (MCS) in Nigeria. Another study also located in Nigeria by Otaokpukpu et al. (2017) also found that the type and participation have a significant effect on the financial performance of cooperatives.

Furthermore, the results of this study also found that local social capital had a positive and significant effect on the performance of KSU Banjar Adat and KSU Conventional in Gianyar Regency. This means that the better the implementation of local social capital at KSU Banjar Adat and KSU Conventional in Gianyar Regency, the performance of KSU Banjar Adat and KSU Conventional also increases. Local social capital is reflected most dominantly by indicators (latent variables) of local social capital, namely the attitude of *menyama braya* as the basis of a strong network, followed by the attitude of *satya* as the basis of trust, and finally an indicator of obedience to local norms that govern cooperatives.

As we know that the life of the Balinese people, especially in Gianyar Regency is known for its close kinship and kinship. This is also supported by the Banjar Adat system that characterizes social life in Bali. Culture is one of the external factors which is a component of the macro business environment (Harmoyo, 2012). Especially at KSU Banjar Adat which was formed based on customary values, so that in its implementation it was strongly influenced by local culture. Indeed, Traditional Villages in Bali have LPDs, but according to the rules, LPDs can only be established in the area of Traditional Villages (not banjars), while customary cooperatives will certainly be different from LPDs, even though their operations are similar to LPDs.

The results of an interview with I Wayan Ari Suwitra as supervisor of one of the KSU banjar adats in the Sukawati Traditional Village stated that all traditional banjars in the Sukawati Traditional Village have the KSU banjar adat, while there is only one LPDs unit. So that during this time KSU Banjar Adat can develop quite rapidly in each of the traditional banjars. The existence of a sense of *menyama braya* owned by *krama banjar adat* has also led to the development of KSU Banjar Adat. Whereas in conventional KSU, as explained based on the results of interviews with I Made Subratha as the supervisor of Conventional KSU, it is stated that social capital is also important for conventional KSU. The competition for microfinance institutions is currently quite tight, so that the managers of microfinance institutions will take advantage of their network or kinship.

This is in accordance with previous research from Liang et al. (2015) on social capital, member participation, and performance of farmer cooperatives in Zhejiang, China. The results of his research explain that member participation and each dimension of social capital have a positive and significant effect on the economic performance of farmer cooperatives in Zhejiang, China. Agahi and Karami (2012) who conducted research on the factors that influence the management of social capital and its impact on the success of cooperative production in Kermanshah Province, Iran, found that the good will of cooperative members and social capital management had a significant effect on the success of cooperatives. As the results of Putri's research (2014) which found that there was a significant influence between social capital which included: trust, feedback, member participation, social values and social norms on the development of the Adil Makmur KUD business unit, Nganjuk.

The results of this study also found that the role of the government had a positive and significant effect on the performance of KSU Banjar Adat and KSU Conventional in Gianyar Regency. This means that the better the government's role through programs and activities directed at KSU Banjar Adat and KSU Conventional in Gianyar Regency causes the performance of KSU Banjar Adat and KSU Conventional to also increase. The government's role is reflected most dominantly by indicators (latent variables) of the government's role, namely encouraging the development and assistance of the implementation of education, training, counseling, and cooperative research, followed by indicators of providing convenience and strengthening cooperative capital, as well as developing cooperative financial institutions, and finally indicators providing consulting assistance to solve problems faced by cooperatives while still taking into account the articles of association and cooperative principles.

So far, the Gianyar Regency Government through the Department of Cooperatives and SMEs has been trying to improve the performance of cooperatives through various programs and activities. Based on an interview with the Secretary of the Gianyar Regency Cooperatives and SMEs Office, I.B. Agung Purnama, SS.Kar., that the policy of the Gianyar Regency Government through the Cooperatives and SMEs Service is directed at developing cooperative businesses and institutions. The programs and activities that are routinely carried out by the Department of Cooperatives and SMEs of Gianyar Regency to improve the performance of cooperatives are: (1) coordination of the implementation of cooperative development policies and programs; (2) socialization of cooperative understanding principles; (3) fostering, supervising, and awarding outstanding cooperatives; (4) fostering and improving the quality of cooperative human resources; (5) fostering within the framework of the cooperative driving district; (6) cooperative rating assessment; (7) data collection and mapping of cooperatives in Gianyar Regency; (8) improvement and development of cooperative business cooperation network; (9) pioneering the application of simple technology/modern management in the type of cooperative business; (10) application of IT-based cooperative financial

management accounting standards; (11) implementation of cooperative audits; and (12) monitoring, evaluation, and reporting of cooperatives and activities.

As explained that the role of the government is very important in fostering cooperatives so that the regional economic base develops at the district/city, sub-district, urban and rural levels, expands business opportunities and justice for the people to enjoy the results of development (Damayanti, 2016; Putri et al., 2016). As a comparison are the results of research by Guinto and Otahara (1999) which aims to determine the role of the government in the development of cooperatives in the Philippines, where the research is motivated by the fact that the management of cooperatives in the Philippines is managed by the government and the private sector. The results of research by Guinto and Otahara (1999) clearly state that the government and cooperatives can work together on aspects that are in accordance with their respective roles to improve performance.

### **The Influence of Member Participation, Local Social Capital, and the Role of the Government on Member Welfare at KSU Banjar Adat and KSU Conventional in Gianyar Regency**

The results of data analysis show that the participation of members has a positive and significant effect on the welfare of members at KSU Banjar Adat and KSU Conventional in Gianyar Regency. This means that if the participation of members of KSU Banjar Adat and KSU Conventional increases, it will also be followed by an increase in the welfare of members, and vice versa.

As previously discussed, member participation is mainly seen from the activeness of cooperative members in submitting suggestions or input for cooperatives. Through information from these members, the cooperative will know the needs of its members. Moreover, the results of data analysis show that the welfare of members of the KSU banjar adat and Conventional KSU is most dominant in terms of the role of cooperatives in alleviating socio-cultural and religious expenditures.

The results of previous studies also confirm that member participation has a positive and significant effect on the welfare of members of KSU Banjar Adat and KSU Conventional. As the results of Pitts (2018) research on the Chiapas coffee farmer cooperative in San Francisco, USA, that member participation has a significant impact on the economy of the family members of the cooperative.

The results of the analysis also prove that local social capital directly has a positive and significant effect on the welfare of members of KSU Banjar Adat and KSU Conventional in Gianyar Regency. This means that the better the local social capital owned by KSU Banjar Adat and KSU Conventional, the better the welfare of its members, and vice versa. Local social capital is closely related to local customs and culture. Moreover, the most dominant indicator that reflects the welfare of members is the role of cooperatives in alleviating socio-cultural and religious expenditures, so that it is clear that through local social capital can realize the welfare of members from the socio-cultural and religious side.

The results of observations at several KSU banjar adats in Gianyar Regency show that there are KSU banjar adats that also provide profit sharing to traditional krama as members in the form of THR (Tunjangan Hari Raya) before Galungan Day. In addition, KSU Banjar Adat also provides profit sharing for local traditional and religious activities, so that it is very helpful in realizing the welfare of members.

Several previous studies have also shown that social capital has a positive and significant effect on the welfare of cooperative members. As with the results of Adhim's research (2019), which states that cooperative social capital indeed encourages the welfare of members, where the research was conducted on the Sidogiri Sharia Savings and Loans Cooperative. Likewise, the results of research by Anam and Suman (2013) which states that there is a strong influence of elements of social capital on the welfare of sugarcane farmers. This indicates that the higher the social capital, the more benefits for farmers in solving local agricultural problems. Without strong social capital, farmers will increasingly put pressure on farmers in the midst of their limited access to services provided by the government.

Regarding the influence of the government's role, the results of data analysis show that the direct role of the government has a positive but not significant effect on the welfare of members of the KSU Banjar Adat and KSU Conventional in Gianyar Regency. This shows that if there is a change in the role of the government related to KSU activities, it will not have a direct significant effect on the welfare of the community.

As previously explained, the role of the government referred to in this study is the role carried out by the Gianyar Regency Government in the field of cooperatives, particularly related to KSU Banjar Adat and KSU Conventional. So far, the government has tried to carry out various cooperative programs, but it is aimed at strengthening cooperative institutions, not directly to realize the welfare of members. Therefore, it is natural that the government's role has a positive but not significant effect on the welfare of members of the KSU Banjar Adat and KSU Conventional.

### **The Effect of Cooperative Performance on Member Welfare at KSU Banjar Adat and KSU Conventional in Gianyar Regency**

The results of data analysis show that the performance of KSU Banjar Adat and KSU Conventional in Gianyar Regency has a positive and significant effect on the welfare of its members. This means that if there is an increase in the performance of KSU Banjar Adat and KSU Conventional, there will be an increase in the welfare of its members, and vice versa. The most dominant indicator in reflecting the performance of cooperatives is work behavior, followed by work effectiveness, while the weakest is the quality of work in cooperatives. While the main indicators that reflect member's welfare are socio-cultural and religious, followed by consumption, while the weakest is health.

As we know that the relationship between cooperative members is very important in realizing cooperative performance. Therefore, it is natural that work behavior is the most dominant factor in reflecting the performance of cooperatives. While the factor that reflects the welfare of members is the existence of cooperatives that play a role in alleviating socio-cultural and religious expenses. This is where it can be seen that if the performance of the cooperative, in terms of good interpersonal relations, the cooperative will be able to absorb information about the needs of the community to realize prosperity.

Agusalim et al. (2019) conducted research on cooperatives in Indonesia and the welfare of members, using panel data analysis, namely data on all provinces in Indonesia during 2010-2015. Research results Agusalim et al. (2019) shows that the main factors that have a significant impact on the welfare of members are the number of members, the number of managers, own capital, and business performance. While the variables that have no significant effect on the welfare of members are the number of cooperatives, RAT, number of employees, external capital, and macroeconomic variables at the regional level. The same thing is also seen from the research results of Rianse et al. (2014) on farmer cooperatives in Kolaka that cooperative performance has a positive and significant effect on farmer's profits.

### **The Role of Cooperative Performance in Mediating the Effect of Member Participation, Local Social Capital, and the Role of the Government on Member Welfare at KSU Banjar Adat and KSU Conventional in Gianyar Regency**

The results of data analysis show that the performance of cooperatives significantly mediates the effect of member participation, local social capital, and the role of the government on the welfare of members of KSU Banjar Adat and KSU Conventional. This means that so that member participation, local social capital, and the role of the government can have a significant impact on the welfare of members, it can be done through cooperative performance.

The results of previous research from Hadi and Sawaludin (2018) regarding Traditional Banjars in Jurang Koak Hamlet, Bebidas Village, Wanasaba District in Lombok, found that cooperatives in Balai Banjar were able to be a solution for people who needed funding assistance in a short time with certain conditions. This shows that the cooperatives in the banjar have an impact on the welfare of the local community.

As previously explained, member participation has a direct significant effect on the performance of cooperatives and the welfare of members of KSU Banjar Adat and KSU Conventional in Gianyar Regency. Because with the mediation of cooperative performance, it is known that the effect of member participation on member welfare is also significant, so the relationship is declared as partial mediation.

Likewise, with local social capital which directly also has a significant effect on the performance of cooperatives and the welfare of members of KSU Banjar Adat and KSU Conventional in Gianyar Regency.

Given that through the mediation of cooperative performance, it is known that the influence of local social capital on the welfare of members is also significant, so the relationship is declared as partial mediation.

Regarding the role of the government, it is known that the role of the government directly does have a significant effect on the performance of cooperatives, but in fact it has no significant effect on the welfare of members of the KSU Banjar Adat and KSU Conventional in Gianyar Regency. However, considering that through the mediation of the cooperative's performance, the influence of the government's role on the welfare of members is significant, it is evident that the cooperative's performance fully mediates the influence of the government's role on the welfare of members, or called full mediation.

### **Comparison of the Effect of Local Social Capital on Cooperative Performance and Welfare of Cooperative Members at KSU Banjar Adat and KSU Conventional in Gianyar Regency**

The results of the discriminant analysis between KSU Banjar Adat and KSU Conventional in Gianyar Regency show that there is a tendency for different assessments of each research variable. In general, the average variable value at KSU Banjar Adat is higher than the average variable value at KSU Conventional.

On the local social capital variable, the results of the analysis show that the average value of local social capital is higher or stronger than conventional KSU. The explanation of this condition relates to at least two things, namely the membership system and the organization of cooperatives. As it is known that social capital is born from the interaction in one community, in this case the members of the cooperative. Therefore, the difference in the influence of local social capital on the two types of cooperatives cannot be separated from the cooperative membership system. At KSU Banjar Adat membership is special, namely only krama or members of the customary banjar concerned, while at KSU Conventional membership is more open and not limited to certain groups.

Local social capital, such as menyama braya, satya and local norms, is better maintained in a community that already knows each other and is homogeneous. The interaction in the community is also very strong on a daily basis, because the interaction is not limited to cooperative activities, but also all banjar activities related to religion, customs and other socio-cultural activities. The organization of the KSU banjar adat which is integrated with customary organizations and norms adds to the strength of maintaining social capital. RAT is carried out in the form of Paruman and Kelihan Adat generally serves as the Chairperson of the Cooperative Supervisory Board. The AD/ART and strategic decisions of the KSU Banjar Adat cooperative are regulations or local norms that are strictly adhered to. One of the special regulations at KSU Banjar Adat is the regulation regarding the distribution of cooperative profits for Hindu holiday allowances and the regulation on profit sharing for cooperatives to assist traditional and religious activities.

The governance of the KSU banjar adat is slightly different from the conventional KSU. In Conventional KSU the membership system is very open so it is possible that many members do not know

each other. The interactions that occur are only related to cooperative activities. The organization, implementation of the RAT and the applicable norms are relatively the same in accordance with the applicable laws and regulations. Thus the relationship of samabrayan, satya attitude and obedience to norms is different from what happened at KSU Banjar Adat. Local social capital that is formed in Conventional KSU depends on the ability of the management and members to manage the spirit of togetherness to improve welfare.

## **CONCLUSION AND SUGGESTION**

Based on the results of data analysis and discussion, and in accordance with the research objectives, it can be concluded that (1) the performance of the KSU banjar adat and the Conventional KSU in Gianyar Regency is influenced by the level of member participation, local social capital, and the role of the government; (2) Member participation and local social capital have a direct effect on the welfare of members both at KSU Banjar Adat and KSU Conventional in Gianyar Regency. Meanwhile, the role of government affects the welfare of cooperative members indirectly; (3) The welfare level of members of KSU Banjar Adat and KSU Conventional in Gianyar Regency is influenced by cooperative performance which is reflected by work behavior such as cooperation, discipline, and individual member relationships; (4) Cooperative performance partially mediates the effect of member participation and local social capital on member welfare. Meanwhile, cooperative performance is known to fully mediate the influence of the government's role on the welfare of members of KSU Banjar Adat and KSU Conventional in Gianyar Regency; (5) Local social capital at KSU Banjar Adat in Gianyar Regency is higher than local social capital at KSU Conventional. The application of the values of equal interpersonal relations at KSU Banjar Adat is better than at KSU Conventional. Local wisdom has formed local social capital that can encourage the performance and welfare of cooperative members.

There are several things that the author can suggest as a follow-up to the results of the study, namely as follows. First, the government and related parties need programs and activities that can also be directed directly at the welfare of cooperative members. So that cooperative members feel more about the government's role in the welfare of cooperative members. Second, cooperative managers are expected to be able to optimize the social capital they have, both trust, norms, and networks to improve cooperative performance. In addition, cooperative managers also need to regularly absorb suggestions and input from cooperative members, both at RAT and other meetings so that they can find out the needs of members and member's perceptions of welfare, so that cooperatives can meet the needs of members and develop programs that are right on target in realizing the welfare of members. Third, for Banjar Adat it can further enhance the development of cooperative activities. In addition, Banjar Adat also needs to improve the human resources of KSU Banjar Adat managers so that they can be optimal and have competencies as

needed. Fourth, for the Banjar Adat Krama, especially those who have joined as members of the KSU Banjar Adat, they can take advantage of the facilities or services at the KSU Banjar Adat so that the KSU Banjar Adat is growing.

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