

Implementation of Capacity Building Strategy to Improve the Performance and Competitiveness of Cooperatives in The Digital Era

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ABSTRACT

Capacity building is a fundamental strategy for improving the performance and competitiveness of cooperatives in the digital era. This study analyzes four main dimensions of capacity building: strengthening human resources, institutional structuring, digitalizing operational systems, and developing partnership networks. The methods used include literature review, document analysis, and case studies of cooperatives in Indonesia and globally. The study results show that structured capacity building can increase productivity, strengthen governance, and accelerate efficiency through the integration of Enterprise Resource Planning technology. (ERP) , Point of Sales (POS) and online applications, as well as expanding market access through strategic partnerships. Thus, capacity building is a key pillar in building inclusive, adaptive, and sustainable cooperatives amidst the dynamics of digitalization and globalization.

Keywords: *Capacity Building Strategy , Cooperative Performance , Cooperative Competitiveness , Digital Era .*

1. INTRODUCTION

Cooperatives, as people-oriented economic institutions, play a strategic role in improving the welfare of their members while strengthening the national economy. However, the dynamics of globalization, the development of digital technology, and changes in consumer behavior require cooperatives to adapt quickly and systematically. The challenges faced by cooperatives are not only related to limited human resources, but also weaknesses in governance, low transparency, and minimal integration of technology into daily operations (Sapolsky, 2017). In this context, capacity building is a fundamental strategy for strengthening cooperative performance. Capacity building goes beyond technical training, encompassing managerial competency development, institutional restructuring, digital system implementation, and strengthening partnership networks. Through this approach, cooperatives are expected to increase productivity, expand member participation, and build accountable and sustainable governance (Duckworth et al., 2019). The digital era presents significant opportunities for cooperatives to transform. The integration of technologies such as Enterprise Resource Planning (ERP), Point of Sales (POS), and online membership applications can improve operational efficiency while strengthening cooperatives' competitiveness against other business entities. Furthermore, structured capacity building also encourages cooperatives to be more inclusive, democratic, and adaptive to changes in the business environment (Svendsen & Løber, 2020). Therefore, this study aims to analyze capacity building strategies to improve cooperative performance and competitiveness in the digital era. The study focuses on the dimensions of strengthening human resources, institutions, digitalization, and partnership networks, by reviewing best practices for cooperatives in Indonesia and globally (Kabir, 2016).

Capacity building is defined as a systematic process to enhance the capabilities of individuals, organizations, and systems to achieve goals effectively and sustainably (UNDP, 2009). In the context of cooperatives, capacity building encompasses strengthening human resources, institutional governance, and adapting to digital technology. According to Eade (1997), capacity building extends beyond technical training to include leadership development, member participation, and strengthening organizational structures.

Cooperative organizational performance can be measured by productivity, efficiency, transparency, and member participation. Duckworth et al. (2019) emphasize that cognitive and non-cognitive factors, such as managerial competence and member motivation, play a crucial role in the success of capacity building. Yin (2018) adds that capacity building case studies demonstrate significant improvements in organizational governance and competitiveness.

The digital era demands that cooperatives integrate information systems such as Enterprise Resource Planning (ERP) and Point of Sales (POS). Digitalization not only improves operational efficiency but also strengthens transparency and accountability (Svendsen & Løber, 2020). Kabir (2016) shows that digitalizing customer service is directly related to increased member satisfaction and loyalty.

Strategic partnerships with the government, MSMEs, and the private sector are a crucial part of capacity building. According to Patton (2015), external networks expand cooperatives' access to resources, markets, and funding. This strengthens cooperatives' competitiveness in the face of increasingly fierce business competition.

Structured capacity building produces cooperatives that are more inclusive, democratic, and adaptable to changes in the business environment. Sapolsky (2017) emphasizes that adaptive organizational behavior to changes in the social and technological environment is key to sustainability. Therefore, capacity building is a key pillar in building superior and competitive cooperatives.

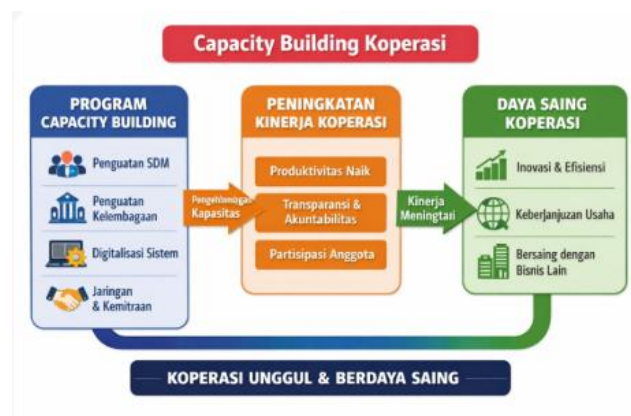


Figure 1. Cooperative Capacity Building

Cooperative Capacity Building shows a gradual process of how cooperative capacity strengthening programs result in improved performance and have an impact on higher competitiveness. So that the following problems can be formulated:

- How can capacity building strategies strengthen cooperative human resources to be more professional and adaptive in the digital era?
- How can the implementation of transparent institutional governance through capacity building increase the accountability and participation of cooperative members?
- How does the integration of digital technology (ERP, POS, online applications) in capacity building contribute to the operational efficiency and transparency of cooperatives?
- What is the role of networks and strategic partnerships in supporting business sustainability and expanding the competitiveness of cooperatives amidst business competition?
- To what extent is there a relationship between the implementation of structured capacity building and improving the performance and competitiveness of cooperatives in the digital era?

2. RESEARCH METHODS

This research uses a descriptive qualitative approach using literature study and case analysis methods. This approach was chosen because capacity building in cooperatives is a complex and multidimensional phenomenon, requiring a deep understanding of the social, institutional, and technological context (Creswell & Poth, 2018).

This research was designed as an exploratory study to identify relevant capacity-building strategies for improving cooperative performance. Exploratory studies are used to understand new or under-researched phenomena, thus generating a more comprehensive conceptual framework (Yin, 2018). The study focused on four main dimensions:

- Strengthening human resources (HR)
- Institutional arrangement
- Digitalization of operational systems
- Networks and partnerships

Research data was obtained through:

- Literature studies included academic journals, books, cooperative reports, and international publications related to capacity building and organizational performance. Literature studies are essential for building a theoretical foundation and strengthening the validity of the research (Svendsen & Løber, 2020).
- Document analysis: Cooperative annual reports, Annual Members Meeting (RAT) results, and government policies related to cooperative development. Document analysis is used to understand actual practices and institutional policies (Kabir, 2016).
- Case study: Capacity building practices in cooperatives in Indonesia and global cooperatives (e.g., Scandinavia) that have successfully undergone digital transformation. Case studies allow researchers to understand specific contexts and draw limited generalizations (Yin, 2018).

The data was analyzed using thematic analysis, a method for identifying patterns, themes, and relationships in qualitative data (Braun & Clarke, 2006). The analysis steps include:

- Data reduction: Grouping information according to capacity building dimensions.
- Data presentation: Compiling indicator tables and capacity building implementation timelines.
- Conclusion: Identifying the relationship pattern between capacity building and improving cooperative performance and competitiveness.

This study utilized source triangulation, comparing data from literature, cooperative documents, and case studies (Patton, 2015). Furthermore, a peer review of the analytical framework was conducted to ensure it met academic standards and was scientifically sound (Creswell & Poth, 2018).



Figure 2. Conceptual framework of capacity building strategy to improve the performance and competitiveness of cooperatives

3. RESULTS AND DISCUSSION

The results of the study show that the capacity building strategy to improve the performance and competitiveness of cooperatives in the digital era with the following discussion results:

a. Strengthening Human Resources (HR)

Strategy Implementation Capacity building through management training, financial literacy, and leadership for cooperative members directly contributes to improving cooperative performance and competitiveness. Competent human resources are able to manage cooperatives more professionally, thereby improving service quality. This aligns with the findings of Duckworth et al. (2019) who emphasized that cognitive and non-cognitive factors, such as motivation and competence, are key predictors of organizational success. In the cooperative context, strengthening human resources not only improves technical skills but also builds an adaptive organizational culture. Eade (1997) emphasized that human resource-based capacity building is the core of sustainable institutional development.

b. Institutional Arrangement

Implementing capacity building through transparent General Meetings (RAT), a clear organizational structure, and an internal oversight system has been proven to improve cooperative accountability. Members have greater trust in management, leading to increased participation. Yin (2018) stated that good governance is a key factor in the success of a case study of community-based organizations. In cooperatives, transparent governance strengthens institutional legitimacy and expands member participation.

c. Digitalization of Operational Systems

The integration of technologies such as ERP, POS, and online membership applications improves cooperative operational efficiency. Financial data is more accurate, transaction recording is faster, and members can access information in real time. This digitalization supports the theory of Svendsen & Løber (2020), which emphasizes the importance of technological adaptation in increasing organizational competitiveness. Kabir (2016) also shows that digitalization of customer service is directly related to member satisfaction and loyalty.

d. Network and Partnership

Cooperatives that actively establish partnerships with MSMEs, the government, and the private sector gain broader access to markets and funding. This strengthens their competitiveness in the face of business competition. Patton (2015) emphasizes that external networks are part of capacity building that expands an organization's resources. In practice, cooperatives with strategic partnerships are better able to survive and thrive in the era of globalization.

e. The Relationship between Capacity Building and Cooperative Competitiveness

Overall, structured capacity building results in more productive, transparent, inclusive, and competitive cooperatives. Sapolsky (2017) emphasizes that adaptive organizational behavior to social and technological change is key to sustainability. Therefore, capacity building is a key pillar in building superior cooperatives in the digital era.

4. CONCLUSION

Capacity building has proven to be a fundamental strategy for improving cooperative performance. Research shows that:

- a. Strengthening human resources through management training, financial literacy, and leadership increases productivity and service quality.
- b. Transparent institutional governance strengthens accountability and increases member participation.

- c. Digitization of operational systems (ERP, POS, member applications) accelerates efficiency, data accuracy, and real-time information access.
- d. Strategic partnerships with the government, MSMEs, and the private sector expand markets and strengthen the sustainability of cooperatives.

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