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Human and Organisational Capital in Malaysian Co-Operatives: Does Leadership Make the Difference?

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ABSTRACT

Co-operatives play a vital role in fostering inclusive economic development, member welfare, and community growth. However, their performance varies significantly, especially in developing and emerging economies. Grounded in the Resource-Based View (RBV), this paper presents a conceptual framework to explain how organisational capital and human capital contribute to co-operative performance, and how leadership acts as a critical moderating factor in these relationships. This paper adopts a conceptual approach integrating resource-based and leadership perspectives within the unique context of member-owned co-operatives. It conceptualises organisational capital and human capital, while positioning leadership as a contingent capability that moderates the transformation of these resources into performance outcomes. The framework proposes that while organisational and human capital possess significant potential to enhance co-operative performance, these benefits are not automatic. Leadership is proposed to positively moderate these relationships by providing the necessary capability to mobilise, coordinate, integrate, and deploy resources effectively within complex governance environments. As for co-operative boards, managers, and policymakers, the framework suggests that accumulating resources alone is insufficient. Strategies must simultaneously focus on developing leadership capabilities to effectively leverage organisational processes and human potential to achieve sustained performance. Furthermore, enhancing co-operative performance through effective resource deployment and leadership contributes directly to member welfare, job creation, and broader community development in emerging economies. This paper also extends conventional applications of the RBV by shifting focus from mere resource possession to the contingent organizational conditions, especially leadership, which is required for resource deployment. Moreover, it contributes a theoretically grounded framework tailored for empirical research in Malaysia, bridging strategic management theory with the member-owned co-operative context.

Keywords: Co-operatives Performance, Organisational Capital, Human Capital, Leadership, Resource-Based View (RBV), Malaysia

INTRODUCTION

Co-operatives represent a distinctive form of organisation in which individuals voluntarily unite to meet their common economic, social, and cultural needs through a jointly owned and democratically controlled enterprise. Unlike conventional investor-oriented firms, co-operatives pursue economic objectives alongside member-oriented and broader social objectives. Their organisational identity is therefore characterised by democratic governance, member participation, mutuality, solidarity, and concern for the wider community [1,2].

The co-operative model has substantial relevance to developing economies because it provides a mechanism through which individuals can collectively mobilise resources, access markets, create employment, and contribute to socioeconomic development [3]. In Malaysia, the co-operative movement encompasses organisations operating across diverse functions and sectors and has received considerable institutional attention as part of national economic development initiatives [3,4]. However, the existence of a substantial co-operative movement does not necessarily translate into uniformly strong organisational performance. Evidence from Malaysia indicates considerable differences in the efficiency and performance of co-operatives, with only a proportion of the co-operative groups examined achieving efficiency [4]. Consequently, understanding the internal factors that explain differences in co-operative performance remains important.

Prior research has identified intangible resources as important factors associated with co-operative performance. For example, Hammad Ahmad Khan et al. [3] examined intellectual capital and members' participation among Malaysian co-operatives and found positive relationships between structural capital, relational capital, and members' participation and co-operative performance, although structural capital was not significant in their multiple regression model. Human capital has also received attention in co-operative research. Shakir et al. [5], for example, found a positive and significant relationship between the human capital of co-operative board members and co-operative performance in Peninsular Malaysia. These findings indicate that intangible resources warrant further investigation as potential determinants of co-operative performance, particularly from a strategic resource perspective.

In examining this issue, the Resource-Based View (RBV) provides a useful theoretical foundation. RBV proposes that organisations differ in their performance partly because they possess and control different bundles of resources and capabilities. Valuable and difficult-to-imitate resources can provide the foundation for sustained competitive advantage [6]. From this perspective, organisational capital and human capital represent potentially important intangible resources because they contain knowledge, routines, competencies, and capabilities that can support organisational activities.

Nevertheless, a resource-based explanation based solely on the existence of resources may be incomplete. Possessing knowledge, systems, or skilled personnel does not necessarily guarantee that these resources will produce superior organisational outcomes. Resources must be coordinated, integrated, and strategically deployed. This raises an important theoretical question '*what organisational capability enables co-operatives to convert their organisational and human resources into performance?*'

Therefore, this paper proposes that leadership provides an important answer to this question. Leadership is particularly relevant in co-operatives because these organisations operate through a distinctive governance structure involving elected board members, managers, employees, and members. Leaders must coordinate diverse interests while maintaining organisational direction and ensuring that organisational resources are effectively utilised. In this context, leadership can influence strategic decision-making, knowledge sharing, employee development, organisational learning, resource allocation, and the implementation of organisational policies [1,2].

Recent research provides empirical evidence that leadership can influence the strength of the relationship between human capital and organisational performance. Specifically, Aman-Ullah et al. [7] examined the moderating role of innovative leadership in the relationships between different dimensions of human capital and organisational performance. Their findings showed that innovative leadership significantly moderated the relationship between human capital knowledge and organisational performance, although its moderating effects were not significant for human capital capacity and human capital skills. This finding suggests that the performance value of human capital may depend, at least in part, on the leadership conditions under which human capital is developed and utilised [7].

Thus, the present paper builds upon this reasoning but advances it in three ways. First, it considers organisational capital and human capital simultaneously rather than focusing on human capital alone. Second, it conceptualises leadership not simply as an additional independent organisational resource but as a contingent capability that influences the value realisation of resources. Third, it develops the framework specifically within the context of Malaysian co-operatives, an organisational setting characterised by collective ownership, democratic governance, and multiple economic and social objectives.

To address these gaps, the purpose of this conceptual paper is therefore to develop an integrated framework explaining how organisational capital and human capital contribute to co-operative performance and how leadership moderates these relationships. The paper argues that organisational capital provides an important resource foundation for co-operative performance, while human capital represents a valuable knowledge-based resource that contributes to organisational outcomes. Furthermore, the paper proposes that leadership plays a critical contingent role in determining the extent to which these organisational and human resources can be effectively mobilised, integrated, and transformed into improved co-operative performance.

LITERATURE REVIEW AND THEORETICAL FOUNDATION

Conceptual Background: Co-operative Performance

Co-operative performance is more complex than the conventional performance of investor-owned firms because co-operatives pursue multiple objectives simultaneously. While financial performance remains important for ensuring the economic viability and sustainability of a co-operative, financial outcomes alone may not fully capture the performance of a member-oriented organisation. The literature on co-operative performance therefore recognises the importance of considering both financial and non-financial dimensions, reflecting the economic, social, and member-oriented objectives of co-operatives [8,9]. Accordingly, co-operative performance may encompass financial sustainability, operational effectiveness, growth, service-related outcomes, member benefits, and the extent to which the organisation fulfils its objectives towards members and other stakeholders [9,10].

This multidimensional nature of performance creates particular challenges for co-operative managers and boards because resources must be deployed in ways that support economic sustainability while remaining consistent with the objectives and principles of the co-operative. In this regard, intangible resources may play an important role in determining organisational performance because they include knowledge, capabilities, relationships, and organisational structures that can contribute to the effective functioning of the organisation. This argument is supported by empirical research in Malaysia, which found that intellectual capital, particularly relational capital, together with member participation, is relevant to co-operative performance [3]. Similarly, Ishak et al. [10] demonstrated that intellectual capital, comprising structural, human, and relational capital, is associated with co-operatives' financial and non-financial performance, with management capabilities playing an important role in translating these resources into performance outcomes.

However, co-operative performance cannot be explained solely by the quantity of resources available. The effective utilisation and integration of organisational resources are also important because resources may generate different performance outcomes depending on the organisation's managerial capabilities and ability to deploy them effectively. Ishak et al. [10] found that management capabilities significantly mediated the relationships between intellectual capital, member participation, and co-operative performance, suggesting that the value of organisational resources depends partly on the organisation's ability to optimise and apply those resources. This provides the foundation for the conceptual model proposed in this paper.

Resource-Based View (RBV) and Its Application to the Co-operative Context

RBV emerged as an alternative to perspectives that primarily explain organisational performance through industry structure and external market conditions. Wernerfelt [11] proposed that organisational resources could provide an important basis for strategy, while Barney [6] subsequently developed a systematic framework explaining how resource characteristics could contribute to sustained competitive advantage. According to Barney [6], resources that are valuable, rare, imperfectly imitable, and non-substitutable can provide the foundation for sustained competitive advantage. Such resources may include physical and financial assets, human resources, organisational knowledge, technology, organisational routines, and capabilities. The fundamental premise of RBV is that organisations are heterogeneous because they possess different combinations of resources and capabilities, and these differences can contribute to variations in organisational performance.

Building on this premise, the application of RBV to co-operatives is particularly relevant because co-operatives possess distinctive organisational characteristics that differentiate them from conventional investor-owned firms. While shareholders in conventional firms primarily provide financial capital, members of co-operatives may simultaneously function as owners, users, customers, producers, employees, and community stakeholders. Co-operatives also operate through governance structures involving elected representatives, board members, managers, employees, and members. These characteristics create unique configurations of tangible and intangible resources that can influence organisational effectiveness and performance.

Within this context, organisational and human capital represent important resource categories. Organisational knowledge can accumulate through years of operations and become embedded in organisational systems, structures, routines, procedures, and practices. Similarly, employees, managers, and board members may develop specialised knowledge, skills, competencies, and experience concerning co-operative operations, member needs, local markets, governance, and organisational processes. Such knowledge and capabilities may be difficult for other organisations to replicate because they are developed through organisational history and embedded within particular cultures, relationships, routines, and governance arrangements. Consequently, these resources may provide co-operatives with distinctive capabilities that support organisational performance.

However, contemporary developments in RBV have moved beyond a narrow emphasis on resource possession and increasingly recognise the importance of organisational capabilities and the processes through which resources are integrated, coordinated, and deployed. Resources may create potential value, but their contribution to performance depends on an organisation's ability to effectively mobilise and utilise them. This distinction is particularly important in the co-operative context. This is because valuable resources may remain underutilised if they are not effectively coordinated within the organisation. Accordingly, RBV provides a useful theoretical foundation for explaining differences in co-operative performance while also creating a basis for examining the role of leadership in determining how organisational and human capital are transformed into performance outcomes.

Organisational Capital and Co-operative Performance

Organisational capital refers to knowledge and intangible resources embedded within organisational structures, systems, routines, processes, policies, and culture that support organisational activities and facilitate the use of knowledge within the organisation [12]. Unlike human capital, which resides primarily in individuals, organisational or structural capital is embedded at the organisational level and can remain within the organisation when individual employees leave. This characteristic enables organisational knowledge and routines to provide continuity and support organisational functioning over time [10,12]. This is particularly relevant to co-operatives, where changes in board composition, management, or employees may affect the retention and transfer of organisational knowledge.

From the perspective of RBV, organisational capital can become a valuable strategic resource when it is effectively embedded, coordinated, and aligned with organisational objectives. Previous research on Malaysian co-operatives has also indicated that structural capital is associated with co-operative performance, supporting the importance of organisationally embedded knowledge and systems. Therefore, this paper proposes that organisational capital positively contributes to co-operative performance.

Human Capital and Co-operative Performance

Human capital refers to the knowledge, skills, competencies, experience, and expertise possessed by individuals within an organisation [13]. In co-operatives, employees, managers, and board members contribute to organisational functioning and performance through their operational expertise, managerial decision-making, service delivery, innovation, organisational learning, and governance capabilities [5,10]. From the RBV lens, human capital represents an important intangible resource because employees' knowledge, skills, experience, and expertise can contribute to organisational value and may be difficult for competitors to replicate, particularly when such capabilities are specialised and embedded within the organisation [6,13].

However, possessing skilled individuals alone may not be sufficient to improve organisational performance. The value of human capital depends partly on how effectively it is coordinated, integrated, and deployed within the organisation [14,16]. This highlights the importance of leadership and managerial capabilities in enabling co-operatives to mobilise and utilise human capital effectively. Evidence from the Malaysian co-operative context also indicates a positive relationship between human capital and co-operative performance [5]. Therefore, this paper proposes that human capital positively contributes to co-operative performance.

From Resource Possession to Resource Utilisation

The possession of valuable organisational and human resources does not automatically result in superior co-operative performance. Rather, the value of organisational resources depends partly on how effectively they are structured, coordinated, combined, and leveraged to create organisational outcomes [17,18]. Recent research on resource orchestration emphasises that resources generate value through processes of deployment and integration rather than through resource possession alone. For example, Andersén and Ljungkvist [17] highlight the manager-centric nature of resource orchestration and demonstrate the importance of interactions between top management and other organisational actors in orchestrating resources for innovation. Similarly, Li et al. [18] demonstrate how organisational and human-related resources can be orchestrated through innovation and organisational learning processes to enhance organisational competitiveness.

Building on this perspective, this paper extends conventional RBV logic from resource possession towards resource utilisation by proposing that leadership facilitates the mobilisation and effective utilisation of organisational and human capital. Leadership may influence how resources are coordinated, aligned with organisational objectives, and deployed within organisational processes. Empirical evidence also indicates that leadership can condition the relationship between human capital and organisational performance. Aman-Ullah et al. [7] found that innovative leadership significantly moderated the relationship between human capital knowledge and organisational performance, although its moderating effects were not significant for human capital capacity and human capital skills. Therefore, leadership is conceptualised in this paper as a potential boundary condition that may influence the extent to which available organisational and human resources are translated into co-operative performance.

Leadership as a Contingent Capability

Leadership has traditionally been examined as an organisational factor influencing employee behaviour, motivation, commitment, and organisational outcomes. In this paper, however, leadership is conceptualised as a contextual capability that influences how effectively organisational resources are mobilised and utilised. Leaders can provide strategic direction, coordinate organisational actors, facilitate knowledge sharing and organisational learning, develop employee capabilities, and align organisational resources with strategic objectives [17,19]. These functions are particularly relevant in co-operatives, where governance involves members and elected representatives alongside managers and employees, creating the need to coordinate multiple organisational interests and objectives [20].

Thus, leadership may serve as a mechanism through which the potential value of organisational and human capital is translated into organisational capabilities and performance. The resource orchestration perspective emphasises that resources create value through managerial processes of structuring, bundling, and leveraging rather than through resource possession alone [17]. Recent empirical research has also suggested that leadership can influence the strength of the relationship between human capital and organisational performance. Aman-Ullah et al. [7], for example, found that innovative leadership significantly moderated the relationship between human capital knowledge and organisational performance, although the moderating effects were not significant for human capital capacity and human capital skills. This indicates that the moderating role of leadership may vary according to the nature of the resource and the organisational context in which it is deployed. Accordingly, this paper conceptualises leadership as a potential boundary condition that may strengthen the contribution of organisational and human capital to co-operative performance

Leadership as a Moderator of Organisational Capital and Co-operative Performance

Organisational capital represents an important organisational resource because it provides the infrastructure through which knowledge can be retained, coordinated, and utilised [6,14]. The effective realisation of the value embedded in these resources, however, requires organisational processes through which resources are structured, bundled, and leveraged. In this regard, leadership and managerial actions can play an important role

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in coordinating organisational activities, aligning resources with strategic objectives, facilitating knowledge sharing, and ensuring that organisational capabilities are effectively deployed [14,19]. In co-operatives, leadership can therefore enhance the utilisation of organisational capital by communicating priorities, coordinating employees, monitoring implementation, and adapting organisational systems to changing circumstances. Consequently, the contribution of organisational capital to co-operative performance is expected to be stronger when leadership is more effective. Accordingly, this paper proposes that leadership positively moderates the relationship between organisational capital and co-operative performance, such that the relationship becomes stronger under effective leadership.

Leadership as a Moderator of Human Capital and Co-operative Performance

Human capital can contribute to co-operative performance when employees' knowledge, skills, competencies, and experience are effectively utilised within the organisation. Leadership can play an important role in creating conditions that enable employees to apply and develop their capabilities through empowerment, motivation, mentoring, knowledge sharing, participation in decision-making, recognition, training, and effective communication [14,19]. Effective leaders may also identify individual strengths and align employee capabilities with organisational objectives, thereby facilitating the mobilisation and utilisation of human capital for organisational value creation [19]. Conversely, human capital may not generate its full potential value when employees' knowledge and capabilities are not effectively coordinated, integrated, or deployed within organisational processes [14]. Thus, the literature proposes that leadership positively moderates the relationship between human capital and co-operative performance, such that the relationship becomes stronger under effective leadership.

Conceptual Framework and Hypothesis Development

Conceptual Framework

The arguments developed above lead to an integrated framework, as shown in Figure 1. The framework shows organisational capital and human capital as independent variables that represent strategic resources, while leadership, as a moderator variable, represents a contingent capability. This framework was adapted from Aman-Ullah et al., [7] and Barbieri et al., [12].

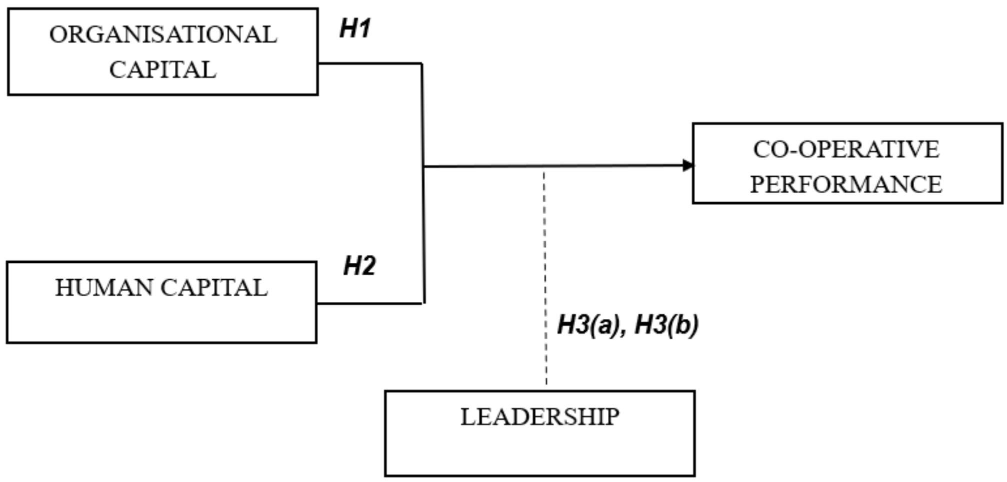

Figure 1: Conceptual Framework

The framework contains two direct relationships and two moderating relationships. The direct relationships suggest that organisational and human capital provide the resource foundation for performance. Meanwhile, the moderating relationships suggest that leadership determines the extent to which these resources can be effectively converted into performance outcomes. Hence, the hypotheses derived from this framework are presented below:

H1: Organisational capital has a significant positive relationship with co-operative performance

H2: Human capital has a significant positive relationship with co-operative performance

H3(a): Leadership moderates the relationship between organisational capital with co-operative performance

H3(b): Leadership moderates the relationship between human capital with co-operative performance

Theoretical Synthesis

The conceptual framework of this study advances a three-stage resource logic in which co-operatives first develop organisational and human capital as strategic resources. It is followed by the mobilisation and integration of these resources through effective leadership, and ultimately the realisation of improved co-operative performance. Accordingly, rather than assuming a direct and automatic relationship between valuable resources and performance, the framework extends the traditional RBV logic by proposing that organisational and human capital contribute to co-operative performance through leadership-enabled resource mobilisation. Consequently, this positions leadership as a contingent capability that facilitates the conversion of resource potential into organisational value. This extension represents the central theoretical contribution of the paper by linking resource possession with resource utilisation and performance within the co-operative context.

Theoretical Contributions

Accordingly, this conceptual paper contributes to the literature by extending the RBV to the co-operative context and by proposing leadership as a contextual capability that may influence the extent to which organisational and human capital are translated into co-operative performance. The framework distinguishes between possessing valuable resources and having the organisational capacity to integrate, coordinate, and deploy those resources effectively. This distinction is consistent with the development of RBV beyond a static emphasis on resource possession towards greater attention to resource management and orchestration [6,14].

First, the paper extends the application of RBV to the co-operative context. Although RBV has been extensively developed in conventional business and strategic management research, its application to member-owned and democratically governed organisations remains less developed. Existing research has nevertheless demonstrated the relevance of RBV to co-operatives. For example, research on Malaysian co-operatives has applied RBV to examine organisational resources and sustained competitive advantage, while more recent research has explicitly examined human capital and co-operative performance from an RBV perspective [5,15]. Co-operatives operate under distinctive ownership and governance arrangements in which members may simultaneously occupy roles as owners, users, customers, producers, and community stakeholders. Consequently, the resources relevant to co-operative performance extend beyond conventional physical and financial assets to include organisational knowledge, institutional routines, employee capabilities, governance experience, and organisational systems. By positioning organisational capital and human capital as important strategic resources, this paper demonstrates how an RBV perspective can provide a theoretically grounded explanation of performance within the distinctive institutional environment of co-operatives [6,21].

Second, the paper contributes to the leadership literature by repositioning leadership as a contextual capability rather than merely an independent predictor of organisational performance. Conventional leadership research has frequently examined leadership in relation to employee behaviour, organisational effectiveness, and performance. In contrast, this framework proposes that leadership may influence how effectively existing organisational resources are mobilised, coordinated, and deployed. This proposition is consistent with the resource orchestration perspective, which emphasises the role of managerial actions in structuring resource portfolios, bundling resources into capabilities, and leveraging those capabilities to create value [14]. It is also consistent with the dynamic managerial capabilities' perspective, which highlights managers' capacity to create, extend, and modify organisational resource bases in response to strategic requirements and changing environments [19]. Accordingly, leaders may facilitate the alignment of organisational systems with strategic objectives, encourage knowledge sharing, develop employee capabilities, coordinate organisational activities, and translate individual and organisational knowledge into productive outcomes. This perspective provides a more nuanced explanation of resource-performance relationships by suggesting that similar levels of organisational and human capital may generate different performance outcomes depending on the effectiveness of managerial and leadership processes.

Third, the framework advances RBV by distinguishing between resource possession and resource utilisation. The possession of valuable organisational systems, institutional knowledge, skilled employees, and experienced personnel does not necessarily guarantee superior organisational performance. Rather, resources must be appropriately structured, integrated, bundled, and leveraged before their potential value can be realised [14]. This argument also extends the original RBV logic, which emphasises the strategic value of resources and their potential to generate sustained competitive advantage when they possess characteristics that make them valuable and difficult to imitate or substitute [6,22]. By introducing leadership as a contextual mechanism that may facilitate this process, the paper connects resource potential with performance realisation. The framework therefore responds to calls for a more dynamic understanding of RBV in which organisational outcomes depend not only on the resources an organisation possesses but also on how those resources are managed, combined, and deployed.

Finally, the paper develops a co-operative-specific resource perspective by recognising that resource utilisation occurs within a distinctive governance and institutional environment. Democratic governance, member ownership, collective decision-making, professional management, and the simultaneous pursuit of economic and member-oriented objectives may shape how resources are developed and deployed differently from investor-owned firms. Research on co-operatives has highlighted the relevance of organisational resources, human capital, governance characteristics, and organisational capabilities to co-operative outcomes [5,10,15]. The proposed framework therefore provides a foundation for future research examining whether and how resource-based explanations of organisational performance operate differently within member-owned organisations. In particular, it encourages future studies to investigate how leadership interacts with organisational and human capital under different co-operative functions, governance structures, organisational sizes, and institutional conditions.

Taken together, these contributions extend the conventional resource-performance perspective by proposing that organisational and human capital provide the resource foundation, while leadership may facilitate the effective mobilisation and utilisation of these resources to generate co-operative performance. The framework consequently positions leadership as a potential boundary condition within RBV and provides a more context-sensitive explanation of how internal resources may create value in Malaysian co-operatives.

Practical Implications

The conceptual framework presented in this study offers several actionable insights for co-operative boards, managers, employees, and policymakers.

Developing Organisational Capital

To operationalise these insights, co-operatives should institutionalise knowledge through effective documentation, standard operating procedures, information systems, strategic planning, and knowledge-management practices. This is particularly important because leadership and board membership may change over time. Organisational knowledge should therefore be embedded within systems rather than remaining dependent on particular individuals.

Investing in Human Capital

Complementing the need for strong structural systems, co-operatives should invest in employee and management capabilities through relevant training, professional development, mentoring, and knowledge-sharing activities. However, investment should not focus solely on increasing the quantity of training. Development should be aligned with the strategic needs of the co-operative.

Strengthening Leadership Capability

To ensure these human and organisational resources are effectively leveraged, leadership development should be treated as critical complementary component of resource development within co-operatives. Accordingly, leadership training programmes for board members and managers should focus on strategic decision-making, resource management, effective communication, change management, employee development, knowledge management, organisational learning, and the effective implementation of organisational strategies.

Integrating Resources and Leadership

Among the most important practical implication is that co-operatives should avoid treating resource development and leadership development as separate activities. Developing highly skilled employees without developing leadership capability may limit the value of human capital. Similarly, investing in sophisticated organisational systems without ensuring effective leadership may result in underutilised organisational capital. A more integrated approach is therefore required.

Implications for Co-operative Policymakers

The proposed framework also has implications beyond individual co-operatives, particularly for government agencies and co-operative development institutions that provide training, advisory services, development programmes, and organisational support. These initiatives should extend beyond technical and financial assistance by incorporating leadership capability as an integral component of co-operative development. Leadership development could be integrated with strategic planning, digital transformation, organisational restructuring, human-resource development, knowledge management, and succession planning. Such an integrated approach may enable co-operatives to mobilise their available resources more effectively and transform them into sustainable organisational capabilities and improved performance.

Future Research Direction

The conceptual framework developed in this paper provides several directions for future empirical research. First, future studies should empirically test the direct relationships between organisational capital, human capital, and co-operative performance. Second, researchers should test leadership as a moderating variable rather than only as a direct predictor. This would allow researchers to determine whether leadership actually changes the strength of resource-performance relationships. Third, future studies could examine different dimensions of leadership. Transformational, participative, servant, strategic, and distributed leadership may operate differently within democratic co-operative organisations. Fourth, future research could investigate whether the proposed relationships vary according to co-operative function. Consumer, service, agricultural, financial, housing, and other co-operative functions may have different resource requirements. Fifth, longitudinal research would be valuable because organisational capital, human capital, and leadership develop over time. Cross-sectional research may not fully capture how these resources interact. Sixth, qualitative research could examine how co-operative leaders actually mobilise organisational knowledge and employee capabilities. Interviews with board members, managers, and employees could provide deeper insight into the mechanisms proposed in this paper. Finally, future research could investigate additional moderators or mediators, including organisational learning, digital capability, innovation capability, governance quality, organisational culture, and strategic flexibility.

CONCLUSION

This conceptual paper develops a resource-based framework for understanding co-operative performance in Malaysia. It proposes that organisational capital and human capital represent important internal resources that can contribute to co-operative performance. However, the paper argues that the value of these resources should not be assumed to be automatic. Instead, leadership is conceptualised as a contingent capability that enables co-operatives to mobilise, coordinate, integrate, and deploy their resources. The central proposition of the framework is therefore that the performance value of organisational and human capital depends partly on leadership effectiveness. This conceptualisation contributes to RBV by moving beyond the question of whether an organisation possesses valuable resources and towards the question of how organisational capabilities enable those resources to create value.

Within the Malaysian co-operative context, this perspective is particularly relevant because co-operatives operate through distinctive governance structures in which elected leaders, professional managers, employees, and members interact. The proposed framework consequently provides a theoretically grounded foundation for future empirical research examining how co-operatives can leverage their internal resource base to achieve sustainable performance. Ultimately, the paper suggests that improving co-operative performance requires more than accumulating resources. Co-operatives must develop the leadership capability necessary to transform those resources into organisational value.

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