**THE IMPACT OF INTELLECTUAL CAPITAL TOWARDS COOPERATIVE PERFORMANCE**

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**ABSTRACT**

The issue of poor cooperative performance has engendered a great deal of acrid debate in Malaysia’s cooperative sector in recent times. The progress of cooperatives is still under satisfactory despite the fact that they have been in operation for a decade—an issue that has long been overdue and remained unsolved. In addition to the obstacles of the post-pandemic era, cooperatives must figure out how to best utilize the resources at their disposal to improve their performance. Cooperatives are developed based on the purpose of assisting their members—economically, socially and others—through the aspiration of a democratically controlled organization. Cooperatives cannot afford to remain stagnant since stagnation will be more detrimental to the cooperatives in the long term. Various scholars have found that intellectual capital—used in most organizations to outshine their competitors—plays a crucial role in distinguishing cooperatives from other business competitors, especially in the same market horizon. Most successful organizations are able to create a competitive advantage to sustain their business due to intellectual capital (IC), and thus cooperatives can also compete in a more impactful way by enhancing their intellectual capital asset. When a cooperative is significantly impacted by an unexpected occurrence such as a pandemic, its activities will obviously slow down. However, by adopting intellectual capital, the rejuvenation of cooperative operations can be accelerated and the desired performance can be regained. In addition, it is also imperative for cooperatives to outsmart their competitors by adopting intellectual capital into their strategic plan. Thus, this conceptual paper will explore the way the cooperative’s performance can be improved via intellectual capital, provide more insights and expand the body of knowledge on intellectual capital towards organizational performance.

Keywords: Intellectual capital, cooperatives, organization performance

# **Introduction**

Cooperatives are businesses that produce goods and give services to their members in order to meet their genuine needs while encouraging cooperation, engagement, involvement, and interpersonal connections among members (Singh, Senik, Hanafiah, & Hamid, 2021). More than one billion individuals have participated in cooperative movements throughout the globe, resulting in the creation of more than 100 million jobs and the accumulation of USD 2.1 trillion in wealth (International Cooperative Alliance, 2020). Cooperatives are organizations that subscribe to social ideas and values while still pursuing the goal of making a profit (Sebhatu et al., 2020; Siapera & Papadopoulou, 2016). Furthermore, cooperative organizations have been identified as having significant potential for bringing about social and economic transformation, lowering the unemployment and poverty rates, and generally raising the living standards of people all over the globe, among other things (Humphries, Holmes, de Andrade, McGrath, & Dantas, 2020). In the Malaysian context, the significance of cooperative organization was founded in 1980 when the Malaysian government launched the "New Era of Cooperative" to make the cooperative movement more innovative, dynamic, and profitable (Abd Rahman, & Zakaria, 2018).

The Malaysian Commission of Co-operatives, also called Suruhanjaya Koperasi Malaysia (Saleh & Hamzah, 2017), regulates cooperatives in Malaysia. It used to be part of the Ministry of Domestic Trade, Cooperatives, and Consumerism; but it is now part of the Ministry of Entrepreneur Development and Cooperatives. According to the current registration figures in this nation, there are about 14,417 cooperatives in nine main sectors: the banking and credit sectors, the agricultural and housing sectors, the industrial, consumer, construction, transportation, and services sector (SKM, 2019).

However, even though Malaysia has a high number of cooperatives that are registered, the cooperative movement in this nation is still regarded as underdeveloped compared with other countries (Othman, Mansor, & Kari, 2014). This is because 31 per cent of Malaysia's certified cooperatives are classified as non-active or defunct (Mohd Jelani, Shafiai, & Noor, 2021). When it comes to improving the overall planning and administration of cooperative performance, it is critical to consider the relevance of intellectual capital factors, notably the (HC, SC, RC). This follows previous study findings that imply that inequalities can explain disparities in cooperative performance in intellectual capital (Benevene, Kong, Lucchesi, & Cortini, 2019; Bontis, Ciambotti, Palazzi, & Sgro, 2018). Even though cooperatives are well-known for their financial significance, not much is known about the traits that differentiate effective cooperatives from those that perform poorly (Verhofstadt & Maertens, 2014).

The existence of intellectual capital affects a business's economic situation across a broad range of sectors is widely accepted; nevertheless, some scholars claim that its impact could be industry-specific (Kanaan, Obeidat, Obeidat, Al-Zu'bi, & Abuhashesh, 2020; Duodu, & Rowlinson, 2016). The number of research on intellectual capital has continued to rise over the past decade, using a variety of methodologies of analysis in several contexts (e.g., Kianto, Sáenz, & Aramburu, 2017; Hanushek, & Woessmann, 2015). Many strong arguments have been advanced in favor of the necessity to comprehend the character of intellectual capital, which contains HC, SC, and RC, in the performance of cooperative organizations as a result of this research (Asiaei, Bontis, Alizadeh, & Yaghoubi, 2022; Yusoff, Omar, Zaman, & Samad, 2019; Bontis, Ciambotti, Palazzi, & Sgro, 2018). The global acknowledgement of cooperative performance as a critical determinant in economic development has been ascribed to the increasing significance placed on cooperative performance in recent years. It is possible to gain a long-term competitive edge via the use of intellectual capital (Delery & Roumpi, 2017). Even if assessing intellectual capital as a critical intangible resource is impossible, its additional value is undeniably substantial. Furthermore, most of the study on IC and its link to performing has been carried out in foreign commercial contexts, as previously stated (Bayraktaroglu, Calisir, & Baskak, 2019; Nimtrakoon, 2015; Al-Musali, & Ismail, 2014). However, a large literature review indicated a lack of research on the relationship between intellectual capital: HC, SC, RC, and cooperative performance.

# **The importance of Cooperatives**

Cooperatives have such a long history in Malaysia as a form of doing business. Throughout its development, it has thrived on many different forms. Cooperatives, throughout their history, have had a variety of ups and downs, both organizationally and in terms of their material resources, at various points in time. This manner of operating was regularly criticized and repressed, but on the other hand, it was praised and coerced on several occasions. It was highly dependent on the country's present sociopolitical atmosphere as well as the circumstance that existed at the time. In addition to the significant results, cooperatives in Malaysia have not reached the previously imagined peaks (Abdullahi, 2015). As a result, the cooperative movement in Malaysia has not achieved the results that would improve the manufacturing sector and impact the country's economy (Balgah, 2019).

The performance of the cooperatives sector in Malaysia is relatively poor, which is surprising given the sector's significance to the Malaysian economy. For instance, the cooperative sector's contributions to the country's gross domestic product were just 5 per cent in 2013 (Hasna, 2018); and it is seen as being rather behind at this time (Musa, Ghani, & Ahmad, 2014). The performance of the GDP in this country is lower than that of other nations, such as those in the cooperative sector. In addition to this, the Malaysian cooperative was not successful in meeting the GDP objective for the year 2015 (Aris, Marzuki, Othman, Rahman, & Ismail, 2018).

Concerns have been voiced regarding the challenges impacting the cooperative sector's performance as a result of its poor performance. According to Cheney, Santa Cruz, Peredo, and Nazareno (2014), the performance of cooperative organizations is an essential issue since it would have a substantial influence on the economies of their members. Hence, this makes it an important problem to address. If a cooperative is unable to be profitable as a business, there is little chance that it will be successful in increasing wealth or decreasing poverty (Wanyama, 2016). However, being an organization that is owned by the community and democratically governed, the cooperative needs to be successful as a corporation (Gupta, 2014). Even while the subject of what elements may potentially impact organizational performance has been studied in some fields, such as small and medium-sized enterprises (SMEs) and financial institutions (such as banking), very little is known about cooperatives organizations (Othman, Mansor, & Kari, 2014). As a result, this research aims to identify the potential factors that might enhance the performance of cooperatives in Malaysia.

# **­­Literature Review**

## **Intellectual Capital (IC)**

Intellectual capital needs has long been recognized as a critical determinant of business success; but it has received little official recognition until recently (Dzenopoljac, Yaacoub, Elkanj, & Bontis, 2017). It is a set of issues about how cooperative performance is established in human capital and how an organization's success has led to this position (Albrecht, Bakker, Gruman, Macey, & Saks, 2015). This means that it might be difficult to comprehend and manage a firm's operations due to the intangibility of intellectual capital. The majority of academics and business leaders have only a rudimentary understanding of managing invisible resources via the development and nurturing of human capital (HC), and structural capital (SC), as well as the relational capital (RC). Because of the illusive intangibility of intellectual capital, it is necessary to develop a more rigorous understanding of intellectual capital as a discipline of organizational effectiveness (Fragouli, 2015; Amadi & Imoh-Ita, 2017). The effort out of certain researchers, such as Bradley (1997), Stewart (1997), Bontis, and Fitz‐enz (2002), have given significant contributions to bringing the notion to the vanguard of scientific investigation. The notion of "intellectual capital" is commonly applied in the sphere of an all-embracing manner to refer to an organization's assets (Pirozzi & Ferulano, 2016).

Intellectual capital, according to Sveiby (1997), is the worth of intangible resources or understanding that can be measured as the distinction stuck between the report estimate and the marketplace value (Pablos, 2003), or as the total value of all nonfinancial and nonphysical resources (Jurczak, 2008). Stewart (1991) asserts that knowledge, information, intellectual property, and experience are the intellectual capital that can be used to generate prosperity. In addition, academics have been dissecting intellectual capital to make its measurement and assessment more straightforward. Furthermore, Edvinsson and Malone (1997) asserted that intellectual capital is derived from just 2 sources: HC (human capital) and CS (structural capital), respectively. Organizational capital (OC) and customer capital (CC) are further subdivided into two types of structural capital: process capital and renewal capital. In solving this issue, another researcher Sveiby (1997) proposed an essential framework of intangible asset that examine three components: an internal structure, an outward structure, and key competencies.

According to the current research, intellectual capital is divided into three categories: RC (client-related), SC (interior), and HC (human capital) (Mubarik, Naghavi, & Mahmood, 2019; Wang, Yen, & Liu, 2015). Still, uncertainty in attendance is an asset of intangible that is non reasonably subdivision of the full intellectual capital (IC) along with its most important three classifications (HC, and SC). The word "intellectual capital" remains frequently used to refer to knowledge capital (KC), knowledge assets (KA), or else intangible assets when discussing intellectual capital (Yaseen, Dajani, & Hasan, 2016). Specifically, this study adheres to the model that considers intellectual capital to be a synergistic integrated collection of three components: human capital (HC), structural capital (SC), as well as relational capital (RC).

### **Human Capital**

Human capital consists of the entire organization competencies possessed by workers but not by the organization (Alika & Aibieyi, 2014). All of the business skills are entrenched in people and are not owned by the company that constitutes human capital (Alika & Aibieyi, 2014). A firm's unique knowledge stock is reflected by its individuals (Raimo, Ricciardelli, Rubino, & Vitolla, 2019). Humans' capital is a crucial component of a corporation's intellectual assets and very highly significant resources of organizations for the competitive advantage, according to Ployhart, Nyberg, Reilly, and Maltarich (2014). Within this respect, organization human capital (HC) includes the assets that comprise unspoken understanding, abilities, and experiences of workers (Daou, Karuranga, and Su, 2014) or the knowledge that each person of an organization has individually (Berraies, Lajili, & Chtioui, 2020). The concept of human capital is related to intrinsic ability, intellect, innovation, talent, brainpower, and inventiveness (Brown, Lauder, & Cheung, 2020). In this regards this is the most important element of the intellectual capital as well as the most important cause of intelligence, creativity, and the creation in the organization (Abu-Shawish, Romanowski, & Amatullah, 2021).

### **Structural capital**

Based on the research of Beltramino, García-Perez-de-Lema, and Valdez-Juárez, 2020), the structured capital incorporates the express knowledge and consolidated knowledge artefacts, inhabits systems, networks, and the computer software programs (Thomas, & Chopra, 2020). Structural capital, as contrast to human capital, refers to the procedures and organizational structures that help individuals improve their productivity and performance (Widiartanto, Eko, Rahman, Dewi, & Saputra, 2020; Mahmood & Mubarik, 2020). In terms of the human capital (HC) and relational capital (RC), it is a body of knowledge and supporting infrastructure available. Paoloni, Coluccia, Fontana, and Solimene (2020) pointed out that without structural capital, intellectual capital would be nothing more than human capital. A cooperative with high structural capital may discover a better match between its human capital and its relational capital as a result of this. A mishmash of those abilities is alluded to as intellectual capital (Salinas-Ávila, Abreu-Ledón, & Tamayo-Arias, 2020; Rehman, Hawryszkiewycz, Sohaib, & Soomro, 2020).

### **Relational Capital**

Suppliers and interactions with collaborators are examples of relationship capital. Relational capital reflects embedded information in consumer preferences, including supplier ties (Wu, Huo, Yu, & Zhang, 2020). Relational capital is largely concerned with mobilizing knowledge and connecting resources via social structure (Maheshwari & Singh, 2021), in which, in its broadest sense, it is referred as customer capital. According to the existing literature, relational capital is defined as knowledge that is ingrained in all connections between an organization and its stakeholders. As a result, many economists regard customer capital to be a subset of relational capital (Debicki, Ramírez-Solís, Baños-Monroy, & Gutiérrez-Patrón, 2020). As a result, relational capital is an intangible asset that is developed via emotional support and the creation of high-quality relationships with organizational stakeholders, employees, and customers. Alliances, distributors, newcomers, and other interested parties that have a favourable impact on performance and competitive advantage are all examples of relational capital (Mansion, & Bausch, 2020).

## **Cooperative Performance**

Cooperatives are major organizational forms in Malaysia, and as a result, the financial outlook of cooperatives has long been of attention to economists, policymakers, and stakeholders in the manufacturing sector (Aris, Marzuki, Othman, Rahman, & Ismail, 2018). When evaluating cooperative performance in the context of profit maximization of investor-owned firms, researchers frequently rely on widely accessible financial measures, ignoring the dual objectives of cooperatives (revenue growth and individual support) identified in the theoretical literature (Franken & Cook, 2015). Additional performance measures may be appropriate because cooperatives serve a different purpose than investor-owned enterprises (Hogeland, 2015). Furthermore, the relative relevance of different performance measurements may fluctuate depending on the cooperative type since certain cooperatives may act more like intellectual capital than others in terms of their behaviour. Since cooperative boards are tasked with increasing patronage returns to members rather than profits for investors, performance is evaluated on a variety of levels and in a variety of ways (Peng, Liang, Deng, & Hendrikse, 2020). In this research study, the use of intellectual assets—HC, SC, RC—as indicators of cooperative performance will be investigated.

# **The Study Propositions**

## **Intellectual Capital and Cooperative Performance**

Because of the variable nature of intellectual capital, according to Martn-de Castro, Dez-Vial, and Delgado-Verde (2019), it is difficult to build an organization-accepted categorization of components. While this is accurate, it is also true that intellectual capital has typically been conceptualized like a three-part term that encompasses HC, RC, and SC (Roos, Edvinsson, & Dragonetti, 1997). On the other hand, the organizational literature has previously said that this categorization must be overlapped in order to get a more comprehensive grasp of the issue. The results of a thorough literature assessment conclude that to increase its performance, a cooperative "must strengthen its resources and capacities, particularly intellectual capital, human capital, relational capital, and structural capital." Intellectual capital is referred to by a broad range of concepts, all of which are important in the administration of cooperative organizations. Nonetheless, it is vital to structure to assist future applied research studies.

The researchers extend this to cooperatives since, as Buonomo, Benevene, Barbieri, and Cortini (2020) pointed out, cooperatives resemble nonprofit organizations. Furthermore, they also mention the need to adjust the intellectual capital for not-for-profit organizations as a case-by-case study in which the balance between the financial restrictions and their social value must be identified. In relation to these campuses, intellectual capital, and cooperative performance, the researchers propose studying intellectual capital in order to provide more solid insights into cooperative performance. This is due to the fact that, such research on intellectual capital and cooperative performance is still limited in the context of the Malaysian economy.

***Proposition 1:*** *There is a positive influence of intellectual capital on cooperative performance.*

## **Human Capital and Cooperative Performance**

Once economic competence has been addressed, it is critical to understand the elements that contribute to cooperatives reaching the greatest performance levels in their marketplaces. Even though human capital has received little attention in a cooperative motion, the researchers will concentrate on that component of intellectual capital as a source of the competitive edge cooperative performance. Human capital refers to an organization's workforces, as well as their proficiencies (skills and knowledge), expertise, and commitment (Oh, Blau, Han, & Kim, 2017) as defined by the hypothetical context of the source-constructed understanding of enterprises (Raduan, Jegak, Haslinda, & Alimin, 2009), plus a continuation of the knowledge-based view of the firm (Hkanson, 2010). Employees are regarded as the most important attribute and the most vital part in intellectual capital, although they are not used in the balance sheet since the firm does not own its human capital (Onkelinx, Manolova, & Edelman, 2016). It is for the simple reason that businesses cannot develop durable competitive advantages or accomplish their objectives without them (Kianto, Sáenz, & Aramburu, 2017).

A firm's particular identity is derived from its human capital, which also serves as the basis of innovation, transformation, and progress (Massingham, & Tam, 2015). Besides that, cooperative organizations, workforces exist almost always cooperative organizational adherents, according to (Castilla-Polo, et al., 2020); that demands the high-ranking of interlinkages amongst the employees and the cooperative and incorporates a major question into cooperative human capital that is required to be done into evaluation. The notion of employee empowerment is beginning to be recognized as a new management concept in cooperatives, primarily due to the vital role it plays in encouraging adaptability (Asgarnezhad Nouri & Mir Mousavi, 2020). As a result, many researchers have indicated the critical role of human-human capital is continuing to support its other intellectual capital components (Obeidat, Tarhini, Masa'deh, & Aqqad, 2017), which also indicates that the human capital (HC) has a significant and positive effect arranged on the firm performance (Volonté, & Gantenbein, 2016; Tran, & Vo, 2020). Considering this mode of reasoning in our research, the researchers propose the following proposition:

***Proposition 1a:*** *There is a positive influence of human capital on cooperative performance.*

## **Structural Capital and Cooperative Performance**

The intangible infrastructure is included in the concept of structural capital (Gogan, Duran, & Draghici, 2015; Yudawisastra, Manurung, & Husnatarina, 2018). It has many intangible assets, such as the knowledge that stays after people leave their places of employment, according to Osinski, Selig, Matos, and Roman (2017), who distinguish it from human capital. The organizational settings that support human capital to function are termed as human capital (Ployhart, Nyberg, Reilly, & Maltarich, 2014). Scafarto, Ricci, and Scafarto (2016) argue that the structural capital serves as supportive structure for HR personnel and that this is the case in this particular connection.

The fact that innovation is knowledge-based suggests that organizations may make use of their structural capital to boost the number of new ideas they generate (Nourani, Chandran, Kweh, & Lu, 2018). In this way, performance is not just a reason. Still, researcher would venture toward claiming it as essential to be used for cooperative's overall performance in one sector such as manufacturing, where products directly interact in conjunction with the environment; besides where the marketplace remains vulnerable towards slightly irresponsible actions on the part of the business. Performing well on the job is a fundamental asset in these sectors. Recent scholarly additions to the literature have shown a constructive (beneficial) relationship among structural capital (SC) in addition with organizational performance, including both financial and non-financial performance (Ginesti, Caldarelli, & Zampella, 2018; Sardo, Serrasqueiro, & Alves, 2018; Cleary, 2015). These reasons enable the researchers to put forth propositions that will be tested through cooperative performance.

***Proposition 1b:*** *There is a positive influence of structural capital on cooperative performance.*

## **Relational Capital and Cooperative Performance**

The corporation's relationships with the interested parties, including consumers as well as external stakeholders, key stakeholders, and the relationships between customers and suppliers, are represented by relational capital (Roos, Pike, & Fernstrom, 2007). Depending on who you ask, relational capital (RC) is also known as customer capital or social capital. It relates to intangible asset or resource entrenched inside the firm's network of interpersonal interactions (Liu, & Jiang, 2020; Martini, Corvino, Doni, & Rigolini, 2016). This is because relational capital serves as the developing reserves, generating benefit by associating the entire intellectual capital mechanisms together with other shareholders and stackholders (Demartini, 2015).

The larger the amount of relational capital developed via members' relationships, the greater the amount of creativity and the greater the impact on the organization's success. Pucci, Simoni, and Zanni (2015) propose that intellectual capital may be used as a strategic management system for performance processes in manufacturing businesses. They provide examples of how this has been done in their research. Furthermore, Rodriguez and Guzman (2013) raise how cooperatives can benefit from implementation or advancement of high-tech and administrative modernization. However, when cooperative performance is considered, there is only partial evidence of the constructive correlation with social capital (SC) and technological and managerial enhancement. To be successful, cooperatives must be socially responsible (have a high level of relational capital) and related to performance and sustainability since they are both components of the same ecosystem, as explained by Liang, Huang, Lu, and Wang (2015). The researchers suggest a relationship in the setting of Malaysia because there is no evidence of a direct or indirect correlation between relational capital and cooperative performance in the literature.

***Proposition 1c:*** *There is a positive influence of social capital on cooperative performance.*

# **Development of the Conceptual Model**

This conceptual paper attempts to ascertain the relationship with the intellectual capital (IC), human-capital (HC), and the structural capital (SC), relational capital (RC) combined with cooperative performance. Research has been done on numerous models created by different researchers. For the purpose of this investigation, the conceptual framework presented in Figure 1 is the sequence of previous researchers investigations (Sánchez-Hernández, & Castilla-Polo, 2021; Bontis, Ciambotti, Palazzi, & Sgro, 2018; Yaseen, Dajani, & Hasan, 2016; Liang, Huang, Lu, & Wang, 2015). In addition, Iturrioz, Aragón, and Narvaiza (2015) provide the intellectual capital factors of organizations' networks, domestic cooperation, cooperation together with participants, (stockholders) and also collaboration with transitional organizations, and as well as cooperation with the specific research organizations. At the same time, Buallay (2019) determined the empirical correlation with intellectual capital (IC) and performance of the Gulf council countries for conventional banking. Azzahra (2018) conducted a study on human capital (HC), structural capital (SC) and the last one variable with relational capital (RC) in cooperative performance. As a result, as illustrated in Figure 3, the research proposed positions in the context of Malaysia.

The objective of this conceptual research article is to establish a link with intellectual (IC) along with human capital (HC) as well as structural (SC) combined with relational capital (RC) and performance in cooperative enterprises. Research has been conducted on several models that various author has developed. The conceptual model shown in Figure 1 is a mixture of studies conducted by Sánchez-Hernández, and Castilla-Polo, (2021), Bontis, Ciambotti, Palazzi, and Sgro, (2018), Yaseen, Dajani, and Hasan, (2016), Liang, Huang, Lu, and Wang, (2015). A recent study by Iturrioz, Aragón, and Narvaiza (2015) examines organizational networks' intellectual capital aspects, including inter-firm collaboration, collaboration with stakeholders, intermediate institutions, and collaboration with research organizations. Similarly, Buallay (2019) investigated the empirical link with the intellectual capital as well as the performance of member nations of the Gulf council countries in conventional banking. Azzahra (2018), on the other hand, conducted a research on the relationship between HC, SC, and RC with the performance of the cooperatives. As a result, as seen in Figure 3, the research recommends the following propositions with the help of a conceptual framework in the context of Malaysia.

Diagram

Description automatically generated

Figure 1: Proposed Research Model

The defining and developing of the framework for this study relies heavily on the findings of a significant quantity of previous research. Building blocks for this study are provided by the investigations conducted by a number of other researchers including, (Ciambotti, Palazzi, & Sgro, 2016; Asif, 2020; Yusliza et al., 2020; Ali, Hussin, Haddad, Al-Araj, & Abed, 2021; Sgrò, 2021). Based on the findings of these researches, it can be demonstrated that many types of performance outcomes, such as cooperative performance, are connected to intellectual capital as well as the dimensions of intellectual capital.

Examining the efficacy of assistance programs is important in light of the significance of cooperatives and the dearth of conclusive information and findings regarding their advancement and growth. This is because the knowledge gained from researching intellectual capital (HC, SC, RC) can be applied to assist cooperatives in improving their operations as well as their overall performance. With the help of this study, an attempt will be made to evaluate how effective the utilization of intellectual capital available to cooperatives is. It would be helpful to evaluate the functioning of a cooperative based on the many characteristics of intellectual capital. The intellectual capital of the cooperative may be used to their advantage in order to get any sort of assistance that is being supplied for their performance. If intellectual capital can be successfully apprehended, then the knowledge may be beneficial in developing already established programs as well as developing more effective economic achievements even further to facilitate cooperatives. It is illustrated that a conceptual framework (see figure 1) is built on multidisciplinary sources of the literature. The ideas and the framework give the basic framing which is imperative for creating an understanding of how the performance of cooperatives is connected to the dimensions of intellectual capital.

## **Contribution**

Cooperatives in Malaysia have not yet attracted significant interest among researchers, despite the vast numbers of cooperatives in the country and the contributions they provide to the economy. Even though some research have been done on cooperatives, a review of these previous studies revealed that they are still rather restricted in scope and emphasis and are not integrated. This was the case, although some studies have been done on cooperatives. For the most part, the primary focus has been on examining the effectiveness of cooperatives as well as various management strategies and ways of human resource management (Noordin, Rajaratnam, Said, Juhan, & Hanif, 2011; Malaysia Cooperative Societies Commission, 2011; Yacob, 2006). This research will make a number of contributions based on the previously analyzed scholarly literature. To begin, the findings of this research underline the significance of intellectual capital in the context of reaching high levels of cooperative performance. It is expected that the three components— intellectual capital human capital (HC), structural capital (SC), and relational capital (RC)—will be found to have a significant impact on the performance of cooperatives. As a result, cooperatives should strive to improve their overall performance by strengthening their networking links both inside and outside the cooperative. In addition, unless the cooperatives have a strong culture of entrepreneurship throughout the whole organization, cooperatives need to be cautious about the potential negative effects of the impact. Additionally, cooperatives need to encourage the development of a shared understanding of the goals of intellectual capital.

# **Conclusions**

The findings provide a foundation for further research into the relationships between IC, HC, SC, RC, and cooperative performance in the Malaysian context. In order to move forward with the empirical study, it is required to examine a broader diversity of literature reviews to gain a comprehensive understanding. Despite the fact that this is a conceptual paper, it is envisaged that the work will serve to complement kinds of literature for the reference of researchers and have a substantial influence on the shareholders, organizational owners and policymakers of Malaysian cooperatives after the study is completed.

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