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Human and Social Capital on Social Enterprise Performance: The Mediating Role of Competitive Advantage in Cooperatives

Feisya Salsabila[a*], Poppy Nurmayanti[a]
[a]*Department of Accounting, Faculty of Economics and Business, Universitas Riau, Pekanbaru, Indonesia*
**Emeil : feisya.salsabila0645@student.unri.ac.id*

Abstract:
Research aims:
This study aims to analyze the effect of human capital and social capital on social enterprise performance in cooperatives in Bengkalis Regency, with competitive advantage as a mediating variable.
Design/Methodology/Approach:
This research applies a quantitative approach using Structural Equation Modeling–Partial Least Squares (SEM-PLS). Data were collected through questionnaires distributed to cooperative chairpersons and secretaries, resulting in 154 valid responses.
Research findings:
The results indicate that human capital and social capital significantly enhance competitive advantage, which subsequently improves social enterprise. Human capital and social capital also have direct effects on performance. Competitive advantage partially mediates both relationships, indicating that indirect effects complement rather than replace direct influences.
Theoretical contribution/Originality: This study contributes to the literature by demonstrating how competitive advantage functions as a partial mediating mechanism linking intangible resources and social enterprise performance, particularly within cooperative-based social enterprises.
Practitioner/Policy implication:
The findings provide practical insights for cooperative managers and policymakers to strengthen human resource quality and social networks as strategic efforts to achieve sustainable competitive advantage.
Research limitation/Implication:
This study is limited to cooperatives in Bengkalis Regency and uses cross-sectional, self-reported data, which may restrict causal inference and generalizability.

Keywords: Human Capital; Social Capital; Competitive Advantage; Social Enterprise Performance

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Introduction

Indonesia has significant economic potential; however, economic inequality remains a persistent challenge that contributes to poverty. Recent data indicate that Indonesia's poverty rate decreased to 8.25 percent in September 2025 (BPS, 2025), reflecting a continued decline in the number of people living in poverty, although inequality remains a persistent structural challenge. In this context, social enterprises are increasingly viewed as an alternative approach to economic development through community empowerment (Kajiita & Kang'ethe, 2023).

Cooperatives represent one of the most prominent forms of social enterprise in Indonesia, as they are deeply embedded in the country's socio-economic structure and emphasize collective ownership and member participation (Wahyuningtyas et al., 2023)(Trisniarti et al., 2022). Through democratic governance and shared economic interests, cooperatives play a critical role in strengthening community-based economic activities and promoting inclusive growth.

The development of cooperatives in Indonesia has shown a significant upward trend. According to Badan Pusat Statistik (BPS), the number of active cooperatives reached 222,462 units in 2025, marking the highest level recorded in the past decade(Databox, 2025). This growth reflects the expanding role of cooperatives as key actors in the national economy.

However, this quantitative growth has not been fully accompanied by improvements in organizational effectiveness. During the period 2019–2024, the Ministry of Cooperatives and SMEs dissolved approximately 82,000 cooperatives, including Village Unit Cooperatives (KUD), due to their inability to operate effectively and fulfill institutional objectives. In 2023, only 130,119 cooperatives were recorded as actively operating, consisting of 69,883 consumer cooperatives, 27,476 producer cooperatives, 18,765 savings and loan cooperatives, 9,596 service cooperatives, and 4,399 marketing cooperatives (Farras et al., 2025). These conditions indicate persistent structural problems, including weak governance, limited managerial capacity, and low compliance with institutional practices such as Annual Member Meetings (RAT), which ultimately constrain cooperative performance (Farras et al., 2025).

These conditions underscore the need to better understand the internal factors that determine cooperative performance, particularly within the context of social enterprises. From a theoretical perspective, the Resource-Based View (RBV) argues that organizational performance is shaped by the effective utilization of internal resources, particularly intangible assets such as human capital and social capital (Barney, 1991). Human capital reflects the knowledge, skills, and experience possessed by individuals (G. M. Becker et al., 1964), while social capital represents networks, trust, and shared norms that facilitate coordination and cooperation(Nahapiet & Ghoshal, 1998). Both resources are essential in enhancing organizational capability and performance.

Nevertheless, prior studies have predominantly focused on the direct effects of human capital and social capital on performance, with limited attention to the mechanisms through which these resources are transformed into tangible outcomes (Sirmon et al., 2007;Hanson et al., 2016). Empirical findings also remain inconsistent, particularly regarding the role of social capital (Adler & Kwon, 2002;Lee et al., 2019;Ince et al., 2023), suggesting the need for a more integrative explanatory framework.

Improving cooperative performance as social enterprises requires effective management and the utilization of strategic resources. Human capital, encompassing knowledge, skills, and experience, is widely recognized as a key factor in enhancing organizational effectiveness (Ositadimma et al., 2025;Hamed et al., 2024). However, its contribution to performance may vary depending on organizational and contextual conditions. In addition, social capital, reflected through networks, trust, and shared norms, supports cooperation and coordination within organizations and contributes positively to organizational performance, including in social enterprises (Saz-Gil et al., 2021;Oudeniotis & Tsobanoglou, 2022), although some studies report inconsistent findings regarding its direct effect (Jiang et al., 2012;Ozgun et al., 2022).

Existing studies predominantly examine human capital and social capital as direct determinants of performance, with limited attention to how these resources are translated into performance outcomes through strategic mechanisms. This gap indicates the need for a more comprehensive model that explains the transformation process of intangible resources into organizational performance.

This study addresses this gap by positioning competitive advantage as a mediating mechanism that links human capital and social capital to social enterprise performance. In cooperative contexts, competitive advantage is not solely derived from market positioning or cost efficiency but also from relational and institutional strengths, such as member trust, participatory governance, and collective commitment. These characteristics make competitive advantage in cooperatives inherently social and difficult to imitate.

Accordingly, this study contributes to the literature by integrating human capital, social capital, and competitive advantage into a unified framework to explain social enterprise performance in cooperative contexts, which remains underexplored in emerging economies.

To address these issues, this study incorporates competitive advantage as a mediating variable in examining the relationship between human capital, social capital, and social enterprise performance. Competitive advantage is an important determinant of organizational sustainability and performance, particularly in social enterprises operating in competitive environments (Dewi et al., 2023;Iskandar et al., 2022b;del Arco et al., 2021;Ibarra-Cisneros et al., 2020). Accordingly, this study aims to analyze the effect of human capital and social capital on the performance of social enterprises in

cooperatives in Bengkalis Regency, with competitive advantage serving as a mediating variable.

Literature Review and Hypotheses Development

Literature Review

This study is grounded in the Resource-Based View (RBV) theory, which was introduced by (Wernerfelt, 1984) and further developed by (Barney, 1991). RBV emphasizes that internal resources are the primary source of competitive advantage and long-term organizational performance. Organizations achieve superior performance when they effectively manage resources that are valuable, rare, inimitable, and non-substitutable (VRIN) (Barney, 1991)

However, prior studies often apply RBV in a generic manner without explicitly explaining how specific types of intangible resources—particularly human capital and social capital—fulfill VRIN criteria within cooperative-based social enterprises (Wan Toren Bin, 2020)(Grosch, 2024). In cooperative contexts, resource utilization is not only efficiency-driven but also shaped by collective governance, member participation, and social objectives, which differentiate them from profit-oriented firms (Frankowski et al., 2026).

Accordingly, this study extends RBV by emphasizing that intangible resources in cooperatives generate performance not directly, but through the creation of competitive advantage as a transformation mechanism (Barney, 1991). This perspective enables a more nuanced explanation of how internal resources are converted into organizational outcomes.

Hypothesis Developtment

Human Capital and Cooperatives Performance

Human capital represents individuals' knowledge, skills, commitment, and experience that function as critical organizational resources (G. S. Becker, 1989). Within the RBV framework, human capital is considered a strategic asset that can generate competitive advantage and enhance organizational performance (Barney, 1991).

Nevertheless, existing literature predominantly treats human capital as a homogeneous construct, with limited attention to context-specific competencies required in cooperative organizations (Mardatillah, 2021). In cooperatives, human capital extends beyond technical and managerial skills to include governance-related competencies, such as understanding of Annual Member Meetings (RAT), regulatory compliance, member participation mechanisms, and collective decision-making processes (Mujiyanti, 2023).

From the VRIN perspective, cooperative-specific human capital becomes valuable (enhancing governance effectiveness), rare (not widely possessed), inimitable (embedded in experiential knowledge), and non-substitutable (cannot be replaced by formal systems alone) (Barney, 1991).

Empirical studies indicate that human capital positively contributes to organizational performance, including in social enterprises(Basri, Yasni, et al., 2021)(Iskandar et al., 2022a) . However, prior findings remain inconsistent, suggesting that the impact of human capital may depend on the organization's ability to transform knowledge and skills into strategic advantages rather than relying solely on direct effects (Wusko & Alfiantoro, 2022).

H_1: Human capital positively affects Coopetarives performance.

Social Capital and Cooperatives Performance

Social capital refers to norms, trust, and network relationships that facilitate coordination and cooperation for mutual benefit(Putnam, 1995). From the RBV perspective, social capital constitutes a unique and difficult-to-imitate resource (Nahapiet & Ghoshal, 1998).

In cooperative-based social enterprises, social capital plays a more central role compared to conventional firms because organizational sustainability depends heavily on trust among members, collective commitment, and external stakeholder relationships (Yasni, Mutia Basri, et al., 2023). These relational assets enable access to resources, information, and collaboration opportunities that enhance organizational effectiveness. Empirical studies generally confirm a positive relationship between social capital and organizational performance (Yasni, Mutia Basri, et al., 2023)(Chen et al., 2021)(Basri, Br Pinem, et al., 2021) However, some studies report weak or insignificant direct effects (Ozgun et al., 2022)..

This inconsistency suggests that social capital may not always directly translate into performance, but instead operates through intermediate mechanisms such as knowledge sharing, innovation, or competitive positioning(Nahapiet & Ghoshal, 1998)

H_2: Social capital positively affects social enterprise performance.

Competitive Advantage and CooperativesPerformance

Competitive advantage refers to an organization's ability to create superior value through effective resource management (Porter, 1985). Within RBV, competitive advantage emerges when organizations successfully deploy strategic resources to differentiate themselves from competitors (Barney, 1991).

Unlike commercial enterprises, competitive advantage in cooperatives is not solely market-based but also socially embedded, including member trust, participation intensity, and relational legitimacy (Iskandar et al., 2022b) (Nurmayanti et al., 2024)(Basri et al., 2024). These non-market advantages are difficult to imitate and therefore align strongly with VRIN criteria. Empirical evidence indicates that competitive advantage significantly enhances organizational performance (Ibarra-Cisneros et al., 2020).

H3: Competitive advantage positively affects social enterprise performance.

Human Capital and Competitive Advantage

Human capital has long been recognized as a source of competitive advantage (G. M. Becker et al., 1964). RBV theory suggests that organizations can achieve sustainable advantage when their human resources possess unique and difficult-to-replicate capabilities (Barney, 1991).
However, the transformation of human capital into competitive advantage is not automatic and depends on the organization's ability to integrate knowledge into strategic processes (Wujarso & Dameria, 2023).

In cooperative contexts, human capital contributes to competitive advantage through improved governance quality, decision-making effectiveness, and the ability to manage member-based organizations efficiently (Nurmayanti et al., 2024;Chali & Lakatos, 2024). Empirical findings support that human capital significantly influences competitive advantage (Tj et al., 2025;Alfawaire & Atan, 2021).

H4: Human capital positively affects competitive advantage.

Social Capital and Competitive Advantage

Social capital generates networks, trust, and norms that support organizational development (Nahapiet & Ghoshal, 1998). From an RBV perspective, social capital represents a relational capability that enables organizations to access external resources and coordinate internal activities more effectively . In cooperatives, strong social capital facilitates collaboration among members and strengthens relationships with stakeholders such as government agencies and local communities (Yasni, Basri, et al., 2023).
These relational advantages enhance information flow, reduce transaction costs, and improve opportunity recognition, all of which contribute to competitive advantage (Aidara et al., 2021). Based on the above discussion, the hypotheses are formulated as follows:

H5: Social capital positively affects competitive advantage.

The Mediating Role of Competitive Advantage

Human capital and social capital are widely recognized as important organizational resources. However, their influence on performance does not always appear directly. Within the Resource-Based View (RBV), resources only create value when they are effectively translated into capabilities that can generate competitive advantage (Barney, 1991; Sirmon et al., 2007).

Human capital, which includes knowledge, skills, and managerial capabilities, contributes to competitive advantage by improving governance quality and decision-making processes. In the context of cooperatives, these capabilities are essential because they support the management of member-based organizations and strengthen institutional effectiveness (Nurmayanti et al., 2024; Chali & Lakatos, 2024). Previous studies have also shown that human capital has a significant effect on competitive advantage (Tj et al., 2025; Alfawaire & Atan, 2021). At the same time, competitive advantage plays a key role in improving organizational performance through value creation and differentiation (Ibarra-Cisneros et al., 2020).

A similar pattern can be observed in social capital. Social capital, reflected in trust, networks, and shared norms, helps organizations strengthen relationships, improve coordination, and access valuable resources (Yasni, Basri, et al., 2023; Aidara et al., 2021). These relational strengths are important in developing competitive advantage, particularly in cooperative organizations that rely heavily on collaboration. Empirical evidence indicates that social capital significantly influences competitive advantage (Aidara et al., 2021), while competitive advantage itself contributes to improved organizational performance (Ibarra-Cisneros et al., 2020).

This perspective helps explain why previous studies sometimes report inconsistent direct effects of human capital and social capital on performance. Without considering the role of competitive advantage, the contribution of these resources may appear limited (Rodríguez García et al., 2020; Chandra et al., 2022). By incorporating competitive advantage as a mediating variable, this study offers a clearer explanation of how resources are translated into performance. Based on this reasoning, the hypotheses are formulated as follows:

***H*$_6$**: Human capital positively affects Cooperatives performance through competitive advantage.
***H*$_7$**: Social capital positively affects Cooperatives performance through competitive advantage.

Based on the above discussion, this study proposes a model linking human capital and social capital to social enterprise performance through competitive advantage. The conceptual framework is presented in Figure 1.

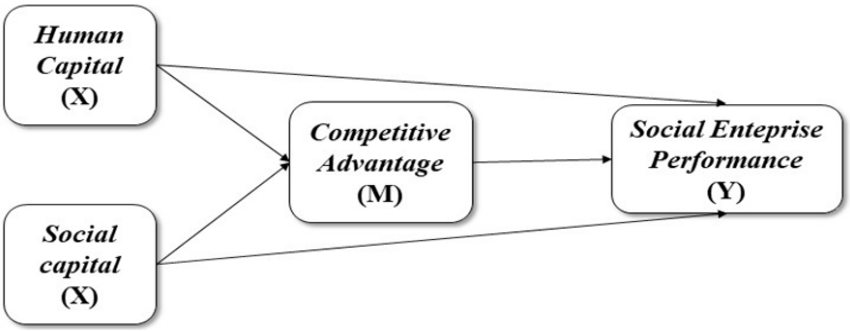

Figure 1 Structural Model

Research Method

This study employed a quantitative approach with a causal research design to examine the relationships among human capital, social capital, competitive advantage, and social enterprise performance in cooperatives located in Bengkalis Regency, Indonesia. A quantitative design was selected to allow systematic testing of the proposed relationships and to generate empirical evidence on how intangible resources shape organizational performance.

The unit of analysis in this study is the cooperative, while the unit of observation is represented by cooperative managers, specifically chairpersons and secretaries. These respondents were selected because they are directly involved in governance, decision-making, and daily operations, enabling them to provide reliable and informed assessments of organizational conditions.

The population consists of 328 active cooperatives in Bengkalis Regency based on official records from the Department of Cooperatives and SMEs (2023) . A purposive sampling technique was applied by selecting cooperatives that (1) are formally registered, (2) actively operating, and (3) have a defined management structure. A total of 180 questionnaires were distributed, and 154 valid responses were obtained, resulting in a response rate of 85.6%.

Data were collected using structured questionnaires, with all variables measured using multi-item indicators on a five-point Likert scale ranging from strongly disagree (1) to strongly agree (5). The measurement instruments were adapted from prior studies to ensure conceptual consistency and relevance to the cooperative context.

Operational Definition and Measurement of Variables

Human capital refers to the knowledge, skills, experience, and capabilities possessed by individuals that contribute to organizational effectiveness. It reflects the ability of managers to perform both operational and strategic roles (G. M. Becker et al., 1964) . In

this study, human capital was measured using indicators related to knowledge, skills, experience, and managerial competence (Basri, Yasni, et al., 2021)..

Social capital represents networks, trust, and shared norms that facilitate cooperation and coordination within an organization (Putnam, 1995). In cooperative settings, these relational dimensions play a central role in supporting collective action. This variable was measured using indicators of trust, network strength, and shared norms (Yasni, Mutia Basri, et al., 2023)

Competitive advantage refers to the organization's ability to create superior value and sustain a distinct position compared to competitors through effective resource utilization (Porter, 1985). In this study, competitive advantage was measured using indicators related to value creation, strategic capability, and sustainability of advantages (Basri et al., 2024)

Cooperatives performance reflects the extent to which cooperatives achieve both economic and social objectives. It captures organizational effectiveness, service delivery, and sustainability outcomes (Nurmayanti et al., 2024). This variable was measured using indicators related to operational effectiveness, service quality, and sustainability performance.

To reduce the risk of common method bias, several procedural remedies were implemented. Respondents were assured of anonymity, and the questionnaire was carefully structured to avoid ambiguous or leading questions. In addition, Harman's single-factor test was conducted, and the results showed that no single factor accounted for the majority of variance, indicating that common method bias is unlikely to be a serious concern.

Analysis Data

Data were analyzed using Partial Least Squares–Structural Equation Modeling (PLS-SEM) with SmartPLS software. PLS-SEM was selected because it is well suited for predictive research, capable of handling complex models with mediating relationships, and robust when applied to moderate sample sizes (Sarstedt et al., 2021).

The analysis followed a two-stage approach consisting of measurement model evaluation and structural model assessment. Indicator reliability was assessed using outer loadings (> 0.70), while internal consistency reliability was evaluated using Cronbach's alpha and composite reliability (> 0.70) (Hair et al., 2021). Convergent validity was assessed using the Average Variance Extracted (AVE > 0.50).

Discriminant validity was evaluated using the Fornell–Larcker criterion, where the square root of the Average Variance Extracted (AVE) for each construct is compared with

the correlations between constructs. Discriminant validity is established when the square root of AVE exceeds the inter-construct correlations (Fornell & Larcker, 1981).

The structural model was assessed using path coefficients, t-statistics, and p-values obtained through bootstrapping procedures. The explanatory power of the model was evaluated using the coefficient of determination (R^2), while predictive relevance was assessed using Q^2 values. Effect sizes (f^2) were also examined to assess the practical importance of each relationship (Hair et al., 2021).

Result and Discussion

Total of 180 questionnaires were distributed, of which 154 questionnaires were returned and eligible for analysis. Most respondents were male, aged between 41–50 years, had a high school educational background, and possessed more than 10 years of cooperative experience. The respondents met the criteria as chairmen and secretaries, with service cooperatives being the most dominant type. Descriptive statistics (Table 1) were used to describe the characteristics of the research data through mode, median, mean, distribution, standard deviation, and percentage.

Table 1 Descriptive Statistics

Variable	N	Minimum	Maximum	Mean	Std. Deviation
Competitive Advantage	154	6.00	30.00	25.7987	3.07080
Human Capital	154	6.00	30.00	25.7662	3.13486
Cooperative Performance	154	12.00	60.00	51.2208	5.77605
Social Capital	154	6.00	30.00	25.7662	3.13486
VALID N (LISTWISE)	**154**				

Descriptive statistics show that all variables have relatively high mean values compared to their respective ranges, indicating that respondents generally perceive favorable conditions across the constructs. Competitive advantage has a mean of 25.80 (SD = 3.07), while human capital and social capital show similar averages of 25.77 (SD = 3.13), suggesting that both managerial capability and relational resources are well developed among cooperatives. Cooperative performance records the highest mean at 51.22 (SD = 5.78), reflecting a relatively strong level of organizational outcomes.

The standard deviation values across variables are moderate, indicating that responses are fairly consistent and not widely dispersed. Overall, these results suggest that the cooperatives in the sample tend to exhibit strong internal resources and performance, although some variation remains across respondents.

Outer Model Assesment

At this stage, the analysis focuses on assessing the validity and reliability of the measurement model. Validity consists of convergent validity and discriminant validity. Convergent validity is evaluated using factor loadings and the Average Variance Extracted (AVE) to ensure that the indicators adequately represent their respective constructs. Factor loadings greater than 0.70 and AVE values above 0.50 indicate satisfactory convergent validity (Hair et al., 2021).

Discriminant validity is assessed using the Fornell–Larcker criterion, which compares the square root of the AVE for each construct with the correlations between constructs. A construct is considered to have adequate discriminant validity when the square root of its AVE is higher than its correlations with other constructs (Fornell & Larcker, 1981).

Reliability is then examined to assess the internal consistency of the indicators using Cronbach's alpha and composite reliability. Values above 0.70 indicate acceptable reliability (Hair et al., 2021).

The results of convergent validity and reliability are presented in Table 2, while discriminant validity based on the Fornell–Larcker criterion is reported in Table 3.

Table 2. Results of Validity and Reliability Testing

	Loading Factor	Cronbach's Alpha	Composite Reliability	AVE
Human Capital				
HC1	0.842	0.889	0.915	0.643
HC2	0.775			
HC3	0.797			
HC4	0.792			
HC5	0.799			
HC6	0.803			
Social Capital				
SC1	0.804	0.874	0.908	0.665
SC2	0.844			
SC3	0.799			
SC4	0.820			
SC5	0.809			
Competitiveadvantage				
CA1	0.799	0.888	0.914	0.640
CA2	0.822			
SC3	0.830			
CA4	0.771			
CA5	0.786			
CA6	0.793			
Social Enterprise Performance				

KSE1	0.794	0.947	0.953	0.630
KSE2	0.786			
KSE3	0.797			
KSE4	0.790			
KSE5	0.805			
KSE6	0.795			
KSE7	0.799			
KSE8	0.792			
KSE9	0.789			
KSE10	0.795			
KSE11	0.791			
KSE12	0.790			

The evaluation of the measurement model (outer model) represents the first step in the PLS-SEM analysis. This stage aims to ensure that the indicators used in the study are both valid and reliable in measuring their respective constructs before proceeding to the structural model.

Validity consists of convergent validity and discriminant validity. Convergent validity is assessed using factor loadings and the Average Variance Extracted (AVE), where loading values above 0.70 and AVE values exceeding 0.50 indicate that the indicators adequately represent their constructs (Hair et al., 2021). Discriminant validity is evaluated using the Fornell–Larcker criterion by comparing the square root of AVE with inter-construct correlations. A construct is considered distinct when the square root of its AVE is higher than its correlations with other constructs (Fornell & Larcker, 1981).

Reliability is examined using Cronbach's alpha and composite reliability, with values above 0.70 indicating satisfactory internal consistency (Hair et al., 2021).

The results of convergent validity and reliability are presented in Table 2. The findings show that all indicators meet the required thresholds, with loading factors above 0.70, composite reliability and Cronbach's alpha exceeding 0.70, and AVE values above 0.50. These results confirm that the measurement model has adequate reliability and convergent validity. Following this, discriminant validity is assessed using the Fornell–Larcker criterion, and the results are presented in Table 3.

Table 3. Discriminant Validity Test: Fornell Larcker

	Competitive Advantage	Human Capital	Performance	Social Capital
CA (M)	0,800			
HC (X1)	0,793	0,802		
KSE (Y)	0,791	0,770	0,794	
SC (X2)	0,786	0,731	0,751	0,815

The results indicate that all constructs satisfy the Fornell–Larcker criterion. The square root of AVE for each variable is higher than its correlations with other constructs, confirming adequate discriminant validity.

Social capital shows the highest square root of AVE (0.815), followed by human capital (0.802), competitive advantage (0.800), and performance (0.794). Each of these values exceeds the corresponding inter-construct correlations, indicating that the constructs are distinct and do not overlap.

Overall, these findings confirm that each variable represents a unique concept within the model and can be reliably used for further structural analysis.

Inner Model Assestment

After confirming the adequacy of the measurement model, the next step is to evaluate the structural model (inner model). This stage aims to assess the relationships between constructs and examine the overall model fit. The evaluation includes model fit indices such as the Standardized Root Mean Square Residual (SRMR) and the Normed Fit Index (NFI), as well as the coefficient of determination (R^2), which reflects the model's explanatory power. The results of the inner model assessment are presented in Table 5.

Table 5 Model fit criteria

SATURATED MODEL		ESTIMATED MODEL
SRMR	0.056	0.056
NFI	0.784	0.784
R Square CA : 0.720, Performance : 0.703		

The model fit results indicate that the structural model is acceptable. The SRMR value of 0.056 for both the saturated and estimated models is below the threshold of 0.08, suggesting a good fit between the model and the observed data. The NFI value of 0.784 indicates a moderate level of model fit.

In terms of explanatory power, the R^2 value for competitive advantage is 0.720, meaning that 72.0% of its variance is explained by human capital and social capital. Meanwhile, the R^2 value for social enterprise performance is 0.703, indicating that 70.3% of its variance is explained by the model.

Overall, these results show that the model has strong predictive capability in explaining the relationships among the variables.

Hypothesis Testing Results and Discussion

After confirming the adequacy of the structural model, the next step is to test the proposed hypotheses by examining the significance and direction of the relationships among constructs. This analysis is conducted using path coefficients, t-statistics, and p-values obtained from the bootstrapping procedure.

The results of the hypothesis testing are presented in Table 6, while the structural model of the SEM results is illustrated in Figure 1.

Table 6. Hypothesis Testing

Hypothesis	Relationship	Original Sample (O)	T Statistics (|O/Stdev|)	P Values
H1	HC (X1) -> KSE (Y)	0.312	3.397	0.001
H2	SC (X2) -> KSE (Y)	0.250	3.045	0.002
H3	CA (M) -> KSE(Y)	0.348	3.343	0.001
H4	HC (X1) -> CA (M)	0.468	6.005	0.000
H5	SC (X2) -> CA (M)	0.444	5.790	0.000
H6	HC (X1) -> CA (M) - >KSE (Y)	0.163	2.747	0.006
H7	SC (X2) -> CA (M) -> KSE (Y)	0.154	2.967	0.003

The results show that all proposed hypotheses are supported. Human capital has a positive and significant effect on social enterprise performance (H1 accepted: $\beta = 0.312$; $t = 3.397$; $p = 0.001$). Social capital also significantly influences performance (H2 accepted: $\beta = 0.250$; $t = 3.045$; $p = 0.002$). Competitive advantage has a significant positive effect on performance (H3 accepted: $\beta = 0.348$; $t = 3.343$; $p = 0.001$).

Human capital significantly affects competitive advantage (H4 accepted: $\beta = 0.468$; $t = 6.005$; $p = 0.000$), as does social capital (H5 accepted: $\beta = 0.444$; $t = 5.790$; $p = 0.000$). The mediation results also indicate that competitive advantage significantly mediates the relationship between human capital and performance (H6 accepted: $\beta = 0.163$; $t = 2.747$; $p = 0.006$), as well as the relationship between social capital and performance (H7 accepted: $\beta = 0.154$; $t = 2.967$; $p = 0.003$

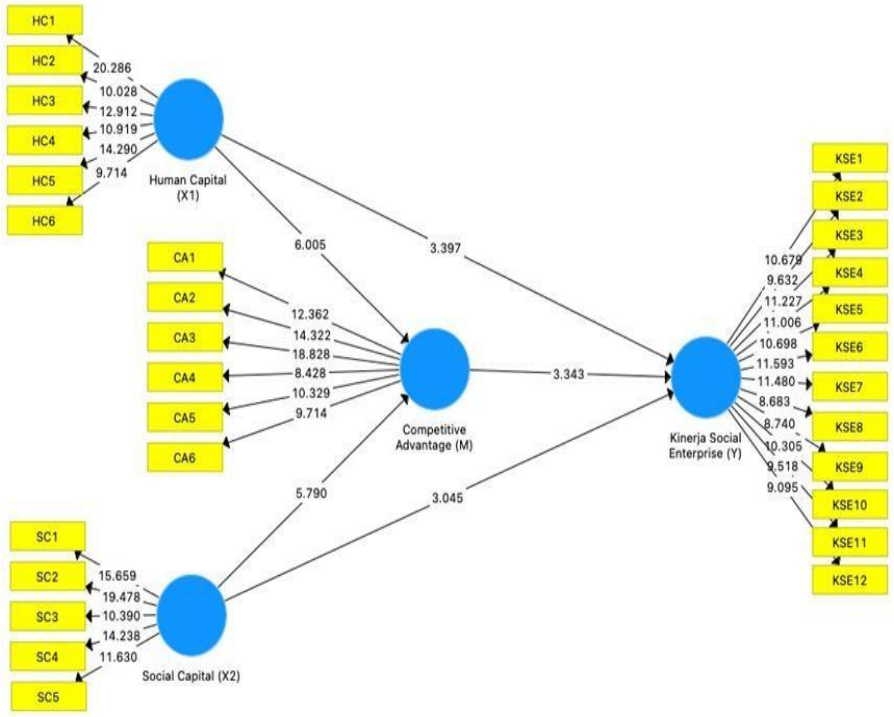

Figure 2 Structural Model

Discussion

The findings of this study provide a more nuanced understanding of how intangible resources contribute to social enterprise performance within cooperative settings. Overall, the results confirm that human capital and social capital play a significant role in shaping competitive advantage, which subsequently drives organizational performance.

The findings of this study show that all proposed hypotheses are supported, indicating that both human capital and social capital play an important role in improving social enterprise performance, either directly or indirectly through competitive advantage.

Human capital has a positive and significant effect on social enterprise performance. This finding supports the Resource-Based View (RBV), which emphasizes that knowledge, skills, and experience embedded in individuals represent strategic resources that enhance organizational outcomes (Barney, 1991; Becker, 1964). However, the magnitude of the effect is relatively moderate, suggesting that human capital alone is not sufficient to drive performance. In cooperative contexts, managerial competencies need to be aligned with governance practices and collective decision-making processes. This result is consistent with previous findings that emphasize the importance of transforming individual competencies into organizational capabilities (Sirmon et al., 2007; Agustin & Utomo, 2021).

Social capital also shows a positive and significant effect on social enterprise performance. This finding confirms that trust, networks, and shared norms play an important role in supporting coordination and cooperation within organizations (Nahapiet & Ghoshal, 1998). In cooperatives, strong social capital facilitates member

participation, reduces internal conflict, and strengthens collaboration, which ultimately contributes to better performance (Yasni et al., 2023; Loukopoulos et al., 2024). However, the effect size is not dominant, indicating that social capital does not automatically improve performance unless it is effectively utilized. This helps explain why previous studies sometimes report inconsistent results regarding its direct effect (Ozgun et al., 2022).

Competitive advantage has a positive and significant effect on social enterprise performance, with a stronger coefficient compared to human capital and social capital. This finding highlights that performance is more strongly influenced by how resources are utilized rather than by the mere presence of those resources. In line with RBV, competitive advantage represents the outcome of effectively managed resources that enable organizations to create superior value (Rodríguez García et al., 2020). In cooperative contexts, this advantage is not only market-based but also rooted in relational and institutional strengths, such as member trust and collective commitment (Iskandar et al., 2022; Cheah et al., 2019).

The results also show that human capital and social capital significantly influence competitive advantage. Human capital has a stronger effect on competitive advantage, indicating that managerial knowledge and skills play a key role in developing strategic capabilities. This finding supports prior studies that highlight the role of human capital in enhancing competitive positioning (Alfawaire & Atan, 2021; Tj et al., 2025). Similarly, social capital contributes to competitive advantage by improving access to information, strengthening relationships, and facilitating collaboration (Aidara et al., 2021; Yasni et al., 2023).

The mediation results reveal that competitive advantage significantly mediates the relationship between human capital, social capital, and social enterprise performance. The mediation is partial, indicating that both direct and indirect effects coexist. However, the indirect effects are meaningful, suggesting that competitive advantage acts as a key mechanism through which resources are translated into performance. This finding is consistent with previous studies that emphasize the importance of resource transformation processes (Rodríguez García et al., 2020; Chandra et al., 2022).

Overall, these findings reinforce the argument that intangible resources do not automatically generate performance. Instead, their value depends on how effectively they are transformed into competitive advantage. This explains why some previous studies found inconsistent results when examining the direct effects of human capital and social capital, as the role of mediating mechanisms was not considered (Sirmon et al., 2007).

Conclusion

This study concludes that human capital and social capital significantly influence social enterprise performance in cooperatives, both directly and indirectly through competitive

advantage. The findings demonstrate that competitive advantage serves as a partial mediating mechanism, indicating that the impact of human capital and social capital on performance is strengthened when these resources are effectively transformed into strategic capabilities.

From a theoretical perspective, this study extends the Resource-Based View by showing that intangible resources in cooperative-based social enterprises do not automatically generate performance, but require a transformation process through competitive advantage. This clarifies the mechanism underlying the relationship between resources and performance, particularly in contexts characterized by collective governance and social objectives.

From a practical perspective, the findings suggest that cooperatives need to focus not only on improving the quality of human capital and strengthening social capital, but also on ensuring that these resources are strategically managed to create sustainable competitive advantage. Efforts such as enhancing managerial competencies, strengthening member participation, and building external partnerships are critical in translating resources into performance outcomes.

This study is limited by its cross-sectional design and its focus on cooperatives in Bengkalis Regency, which may restrict the generalizability of the findings. In addition, the use of self-reported data may introduce potential bias. Future research is encouraged to examine different types of social enterprises, apply longitudinal approaches, and incorporate additional variables such as innovation capability or digital transformation to provide a more comprehensive explanation of social enterprise performance.

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