

“The relationship between social entrepreneurship orientation, business planning, and competitive advantage on cooperative performance: Moderation of the socio-economic context”

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THE RELATIONSHIP BETWEEN SOCIAL ENTREPRENEURSHIP ORIENTATION, BUSINESS PLANNING, AND COMPETITIVE ADVANTAGE ON COOPERATIVE PERFORMANCE: MODERATION OF THE SOCIO-ECONOMIC CONTEXT

Abstract

This study delves into the determinants influencing the efficacy of social enterprises, specifically cooperatives. This study aims to examine the interaction between social entrepreneurial orientation (SEO), strategic planning, and competitive advantage in shaping cooperative performance, accounting for the moderating influence of the socio-economic context. A population of cooperatives in Indragiri Hilir and Bengkalis regencies, Riau Province, Indonesia, served as the study's focus. A sampling strategy was employed to distribute 500 questionnaires to cooperative managers. Of these, 298 were returned and analyzed using partial least squares (PLS). The findings corroborate a positive association between SEO and financial performance with a p -value of 0.000. Likewise, SEO affects competitive advantage and company planning (p -value 0.000). The exploration indicates no mediating role for business strategy in the relationship between financial performance and SEO, with a p -value of 0.136. However, strategic planning acted as a mediator in the relationship between SEO and social performance (p -value 0.011). Moreover, the findings show that SEO has a favorable influence on social performance through competitive advantage with a p -value of 0.000. Thus, the moderating role of socio-economic context on the relationship between SEO and financial performance can be proven with a p -value of 0.000, as well as on the relationship between business planning and financial performance with a p -value of 0.016. These empirical findings can inform policymakers' strategic development of inclusive and sustainable policies that foster growth and resilience of cooperatives.

Keywords

social entrepreneurship orientation, business planning,
competitive advantage, socio-economic context,
performance, cooperatives

JEL Classification

M13, M21, M14, O15, O18

INTRODUCTION

The Sustainable Development Goals (SDGs) represent global and national commitments to achieve prosperity and sustainability for all people and the planet. Overall, the SDGs aim to narrow the disparity between countries, with a target for completion by 2030. The prevailing inequality exacerbates the disparity in community welfare. Social enterprises (SEs) emerge as indispensable agents in achieving the Sustainable Development Goals (SDGs), offering innovative and sustainable solutions to societal and environmental challenges. As highlighted by the World Bank, such businesses effectively uplift the incomes of impoverished households at a pace that surpasses the average UK household, demonstrating their significant contribution to addressing socio-economic disparities (Power et al., 2023).

A social enterprise is an organization or business that intends to solve social, environmental, or community problems to remain financially sustainable (Ouechtati, 2020). In contrast to traditional businesses that aim to maximize profits, social enterprises prioritize generating positive social or environmental impacts as their primary objective, with profit typically regarded as a secondary consideration. Social enterprises combine profit-making endeavors with a social mission to foster positive social impact. They provide solutions to various challenges, such as reducing poverty levels, improving environmental conditions, expanding participation in the political process, and improving the welfare of society in general (Manjon et al., 2022).

Cooperatives are a form of social enterprise that is quite large in Indonesia, including Riau Province. According to the Ministry of Cooperatives and SMEs data, there were over 150,000 cooperatives in Indonesia as of 2023, including 3,229 cooperatives in Riau Province. However, the challenge for cooperatives is that many lack good management, which impacts operational efficiency and effectiveness.

Siregar (2020) indicated that cooperatives' performance is relatively good. However, over time, the capital structure of these cooperatives has become increasingly reliant on external funding, mainly through debt. In the non-financial aspect, cooperatives in Indonesia show a decline in progress, as reflected by a decrease in membership and inadequate labor absorption. This issue is further exacerbated by the financial constraints cooperatives face and the need to thoroughly assess the readiness of financial institutions to support social enterprises operating as cooperatives.

1. LITERATURE REVIEW AND HYPOTHESES

The theoretical framework for this study was grounded in the resource-based view theory (RBV theory) proposed by Wernerfelt (1984). In line with the principles of RBV theory, the company's resources and strengths are essential, serving as the primary basis for its competitive edge and overall performance. Furthermore, the RBV theory is a conceptual model that examines how organizations could accomplish a competitive advantage in managing and utilizing their resources (Barney, 1991). The criteria for the relevant resources are that they must be valuable, difficult to imitate, and not easily replaceable (Barney, 1991). Various types of resources that can provide competitive advantages include: "1) physical resources, such as machines, structures, or production equipment; 2) human resources, which encompass employee skills and knowledge; 3) organizational resources, including management systems and operating procedures; and 4) intellectual resources, such as brands, licenses, and copyright" (Wernerfelt, 1984). These asset criteria can serve as a competitive advantage for the company, as effectively utilizing these resources can create added value for customers and generate substantial profits.

Implementing entrepreneurial orientation draws upon RBV theory to illustrate how a firm's resources can support gaining a competitive advantage (Wernerfelt, 1984). Social entrepreneurial orientation is the approach, attitude, or mindset a social entrepreneur adopts in identifying and pursuing opportunities to create positive social impact (Satar & Natasha, 2019). It encompasses a set of entrepreneurial characteristics that focus on social innovation, solving social problems, and creating social value while maintaining financial sustainability (Pinheiro et al., 2021). Social entrepreneurial orientation can significantly affect an organization's financial performance. Social entrepreneurship drives innovation to address social issues. Unique and relevant products or services can engage new customers and increase revenue. Gali et al. (2020), Zafar et al. (2022), and Lückenbach et al. (2023) support the idea that social entrepreneurial orientation improves financial performance.

Cooperatives that adopt social entrepreneurship focus on economic profit and the social impact they generate. This could include improving the welfare of members, empowering communities, reducing poverty, or protecting the environ-

ment. By prioritizing social goals, cooperatives can create greater value for their members and the surrounding community.

Furthermore, SEO also has an impact on better business planning. Social entrepreneurship encourages companies to set clear missions that combine social and economic goals (Gali et al., 2020). Business planning should include a model that prioritizes profit and social impact. This can involve innovative approaches to creating value for all stakeholders (Tykkyläinen & Ritala, 2021). Considering social and environmental risks in planning can help companies identify opportunities competitors may overlook (Bhandari et al., 2022). This view is backed by Basri, Taufik, et al. (2023), who show that social entrepreneurial orientation influences business planning. In cooperatives, the orientation of social entrepreneurship requires cooperatives to not only focus on economic goals but also on the social impact they want to achieve. Business planning in cooperatives is done by setting dual goals, namely achieving financial sustainability while creating social value.

A crucial factor in determining competitive advantage is social entrepreneurial orientation. Social entrepreneurship can result in unique offerings that differentiate the business from its competitors by encouraging innovation that goes beyond profit maximization to address societal challenges (Annarelli et al., 2020; Tykkyläinen & Ritala, 2021). Focusing on social impact can open up new, underserved market segments. By offering relevant solutions, companies can create value that is difficult for competitors to reach (Barney et al., 2021). Social entrepreneurship promotes collaboration with diverse stakeholders, such as regional communities, non-profit organizations, and governments. These partnerships can yield competitive advantages that other companies lack (Ozdemir & Gupta, 2021).

Cooperatives that adopt a social entrepreneurship orientation tend to produce products and services that have social or environmental added value (Situma, 2021). These products can differentiate the cooperative from its competitors in the larger market, as consumers who are increasingly aware of social and environmental is-

ues tend to choose products that are environmentally friendly, ethical, or that have a positive social impact.

The literature review highlights that social entrepreneurial orientation significantly impacts business planning, which is crucial for organizational management and decision-making (Mansoori & Lackeus, 2020). Mansoori and Lackeus (2020) found that SEO can utilize coordinated strategic planning with various forms of technical implementation approaches depending on the needs of the social entrepreneur. Social businesses are allowed to use coordinated strategic planning together with various technical implementation approaches, depending on the needs of the social enterprise. Gali et al. (2020) explain that social entrepreneurship encourages companies to establish a clear mission that incorporates social goals. Managers with a social entrepreneurial orientation will establish a business plan that helps the company set specific and measurable financial goals, such as increasing revenue, reducing costs, or increasing profit margins. Clear goals provide focus and direction in decision-making. The planning process involves analyzing community needs. Companies can design programs and initiatives that genuinely provide social benefits by understanding relevant social issues. Likewise, in cooperatives, managers who have a high social entrepreneurial orientation can design activities that provide benefits, not only in improving the economy but also in providing activities that have a social impact.

SEO is characterized by innovation, creativity, and proactivity, aiming to meet the community's needs. This innovation can create a competitive advantage that encourages the community to utilize the company's services. Competitive advantage improves performance by boosting "customer satisfaction, profit growth, sales growth, and customer acquisition" (Mohammad & Wasiuzzaman, 2021). Moreover, companies with a competitive advantage can engage new customers and maintain consumer loyalty (Islam et al., 2021).

The socio-economic context refers to how well the environment in which a social enterprise function aligns with its operations (Cheah et al., 2019b). The

socio-economic context in which social entrepreneurs operate can constantly change, impacting the progress and performance of the company (Hertel et al., 2020). Social entrepreneurial orientation is a key driver of competitive advantage. By fostering innovation beyond profit maximization to address societal issues, social entrepreneurship can lead to distinctive offerings, setting the company apart from its rivals. Besides, Cheah et al. (2019a) discovered that socio-economic factors significantly moderated the association between social entrepreneurship, social values, and performance organizations.

The socio-economic context can be a factor that influences business planning. For example, in good economic conditions, companies tend to be more optimistic in planning expansion and investment, which can improve financial performance. Conversely, planning is more conservative in recessionary conditions and focuses on cost reduction (Tanaka et al., 2020). Business planning must also take into account market conditions and consumer behavior trends. Understanding consumer demographics and behavior in specific social contexts helps companies tailor their offerings to enhance sales and financial performance (Chou et al., 2020).

This study aims to investigate how competitive advantage, business strategy, and SEO affect social enterprise performance. As mediating factors, it examines competitive advantage and business planning. This study seeks to examine the interaction between social entrepreneurial orientation (SEO), strategic planning, and competitive advantage in shaping cooperative performance, accounting for the moderating influence of the socio-economic context. The hypotheses proposed are as follows:

- H1: Social entrepreneurial orientation affects financial performance.*
- H2: Social entrepreneurial orientation affects business planning.*
- H3: Social entrepreneurial orientation affects competitive advantage.*
- H4a: The effect of social entrepreneurial orientation on financial performance is mediated by business planning.*

H4b: The effect of social entrepreneurial orientation on social performance is mediated by business planning.

H5: The effect of social entrepreneurial orientation on social performance is mediated by competitive advantage.

H6: The relationship between social entrepreneurial orientation (SEO) and financial performance is moderated by socio-economic context.

H7: The relationship between business planning and financial performance is moderated by socio-economic context.

2. METHODOLOGY

Indragiri Hilir and Bengkalis Regencies, two of the wetland areas in Riau Province, are the focus of this study. Primary data from cooperative managers meeting the following sample criteria were used: cooperatives in operation and cooperatives that have been around for two years or longer.

The data were collected by distributing questionnaires immediately to cooperative managers and via Google Forms. Respondents in this study were cooperative managers consisting of leaders, secretaries, and treasurers.

The sample size was determined using the “10 times rule” approach, which involves calculating the sample size as ten times the highest number of indicators in the research model (Sofyani, 2023). Since the research model contains a maximum of eight indicators, the minimum sample size required is 80. However, several guidelines suggest larger minimum sample sizes, such as 100 or 200 (Boomsma, 1985), or ten observations for each estimated parameter (Bentler & Chou, 1987) and 10 cases for each variable (Nunnally, 1994).

Of the 500 questionnaires sent to respondents, 298 (59.6%) questionnaires were returned and could be processed. Table 1 reports the characteristics of the respondents.

Table 1. Characteristics of respondents

Characteristics	Total	Percentages
Gender		
Female	82	27.52%
Male	216	72.48%
Age		
21-30 years old	17	5.70%
31-40 years old	83	27.85%
41-50 years old	121	40.60%
>50 years old	77	25.84%
Education		
Elementary School	3	1.01%
Junior high school	11	3.69%
Senior high school	118	39.60%
Diploma (D1-D3)	48	16.11%
Bachelor (S1)	110	36.91%
Masters (S2)	8	2.68%
Business tenure		
<1 year	15	5.03%
2-5 years	99	33.22%
6-10 years	102	34.23%
>10 years	82	27.52%
Position		
Head	134	44.97%
Secretary	127	42.95%
Treasurer	36	12.08%
Type		
Manufacturer	89	29.53%
Marketing	14	4.70%
Consumer	75	25.17%
Service	95	31.88%
Savings and loan	26	8.72%

Table 2 provides the operational definitions of the variables used. The measurement variables are derived from prior research. Each variable is assessed utilizing a 5-point Likert scale, extending from 1 = strongly disagree to 5 = strongly agree.

Hypothesis testing utilizes the structural equation modeling (SEM) approach with partial least squares (PLS). PLS is a particular type of SEM designed to assess a series of interrelated interactions that are difficult to measure simultaneously. The testing process in SmartPLS occurs in two phases. The study conducted an outer model test in the initial phase, which evaluated convergent and discriminant validity. In the second stage, an inner model test was conducted, including model fit and hypothesis tests.

3. RESULTS

Table 3 presents descriptive statistics. Descriptive statistics indicate the data fit well, as the standard deviation does not exceed the mean. This suggests that there are no significant deviations present in the data.

The present study employs the PLS-SEM method for hypothesis testing, which involves two steps: the measurement (outer) model and the struc-

Table 2. Operational definition of research variables

Variables	Variable Definition	Indicator	Scale
Financial performance	Financial performance represents the outcomes of work or job performance, as well as how the work processes are conducted (Basri, Yasni, et al., 2023).	Profitability Leverage Asset Revenue Growth Rate	Ordinal
Social performance	A business can increase employee satisfaction and business reputation.	Increasing public satisfaction Increased employee satisfaction Increased business reputation (Basri, Yasni, et al., 2023)	Ordinal
Business planning	Planning activities carried out before undertaking a business.	Implementation Evaluation Partnership (Basri, Taufik, et al., 2023)	Ordinal
SE orientation	Social entrepreneurial orientation (SEO) is a multifaceted concept that includes aspects of entrepreneurial behavior such as innovation, proactiveness, and risk-taking. It also encompasses a dimension of social mission that highlights the values inherent in SEO (Weerawardena & Mort, 2006).	Innovation Proactive Risk taker Social missions	Ordinal
Competitive advantage	Competitive advantage is a strategic advantage gained from collaboration among companies to strengthen their competitive position (Basri et al., 2024).	Uniqueness Rarely found Not easy to imitate Not easy to replace Competitive price	Ordinal
Socio-economic context	The degree to which the social enterprise's environment functions effectively concerning social and economic factors (Defourny & Nyssens, 2008).	Level of education Cultural values Unemployment rate	Ordinal

Table 3. Descriptive statistics

Variable	SEO	BP	CA	SEC	FP	SP
Minimum	8	8	6	5	4	9
Maximum	40	20	30	25	20	20
Mean	32.544	16.097	24.711	21.285	16.826	16.587
Standard Deviation	6.015	2.626	0.219	3.021	2.409	2.115
N	298					

Note: SEO = social entrepreneurial orientation; BP = business planning; CA = competitive advantage; SEC = social economic context; FP = financial performance; SP = social performance.

tural (inner) model (Hair & Alamer, 2022). The initial test is a validity assessment that comprises two components: discriminant and convergent validity. Convergent validity is evaluated utilizing outer loading and average variance extracted (AVE) values. The establishment is confirmed when the loading factor and AVE values reach the 0.5 threshold (Hair & Alamer, 2022). Table 4 presents the cross-loading of the variables in this study. The cross-loading results generally show that the

loading factor has a value above 0.5. This finding indicates that convergent validity has been met.

Furthermore, the discriminant validity test results indicate that the AVE square root values meet the Fornell and Lacker criteria. It is supported by the AVE square root values on the diagonal, which exceed the other correlation values. Therefore, it can be concluded that the discriminant validity criteria have been satisfied (Sholihin & Ratmono, 2021).

Table 4. Cross loading

Variable	Indicator	BP	CA	PF	P.S.	SEC	SEO
Business planning (BP)	BP.1	0.872	0.522	0.357	0.489	0.356	0.500
	BP.2	0.865	0.587	0.394	0.496	0.510	0.561
	BP.3	0.869	0.604	0.396	0.458	0.553	0.614
	BP.4	0.767	0.593	0.334	0.427	0.299	0.532
Competitive advantage (CA)	CA.1	0.657	0.777	0.522	0.472	0.425	0.637
	CA.2	0.501	0.711	0.407	0.480	0.368	0.401
	CA.3	0.520	0.832	0.530	0.638	0.577	0.550
	CA.4	0.467	0.770	0.517	0.557	0.588	0.528
	CA.5	0.491	0.789	0.516	0.520	0.549	0.728
	CA.6	0.599	0.848	0.614	0.603	0.654	0.809
Financial performance (FP)	PF.1	0.379	0.530	0.896	0.455	0.487	0.556
	PF.2	0.372	0.554	0.917	0.481	0.447	0.535
	PF.3	0.375	0.594	0.900	0.512	0.449	0.520
	PF.4	0.407	0.634	0.761	0.558	0.417	0.504
Social performance (SP)	SP4	0.465	0.564	0.428	0.853	0.484	0.488
	SP5	0.407	0.544	0.497	0.777	0.385	0.418
	SP6	0.424	0.550	0.459	0.826	0.416	0.371
	SP 7	0.539	0.642	0.527	0.871	0.525	0.565
Socio-economic context (SEC)	SEC.2	0.536	0.628	0.374	0.471	0.785	0.568
	SEC.3	0.334	0.503	0.459	0.492	0.822	0.575
	SEC.4	0.464	0.574	0.455	0.469	0.897	0.581
	SEC.5	0.460	0.577	0.426	0.461	0.894	0.564
	SEC.6	0.390	0.579	0.449	0.406	0.794	0.594
Social entrepreneurship orientation (SEO)	SEO.1	0.669	0.682	0.522	0.456	0.545	0.870
	SEO.2	0.487	0.609	0.531	0.446	0.610	0.808
	SEO.3	0.550	0.677	0.511	0.449	0.597	0.885
	SEO.4	0.533	0.699	0.572	0.510	0.680	0.787
	SEO.5	0.565	0.717	0.531	0.486	0.627	0.896
	SEO.6	0.582	0.713	0.533	0.524	0.595	0.925
	SEO.7	0.620	0.727	0.542	0.505	0.593	0.914
	SEO.8	0.569	0.700	0.520	0.530	0.564	0.910

Table 5. Discriminant validity testing with Fornel and Larcker criteria

Variable	BP	CA	FP	SP	SEC	SEO
BP	0.844					
CA	0.683	0.789				
FP	0.440	0.663	0.871			
SP	0.555	0.693	0.575	0.833		
SEC	0.515	0.678	0.518	0.547	0.840	
SEO	0.655	0.790	0.608	0.558	0.687	0.876

Note: SEO = social entrepreneurial orientation; BP = business planning; CA = competitive advantage; SEC = social economic context; FP = financial performance; SP = social performance.

The discriminant validity test results are shown in Table 5.

Table 6 presents the results of reliability testing utilizing Cronbach's alpha. The results reveal a value greater than 0.8, indicating a high level of reliability for the research instrument (Hair & Alamer, 2022).

Subsequently, the internal model testing results are illustrated in Table 6. The findings indicate that the R-Square value for financial performance (FP) is 44.2%, while for social performance (SP), it is 49.2%. This implies that 44.2% of the variance

in financial performance (PF) is described by social entrepreneurial orientation (SEO), socio-economic context (SEC), business planning (BP), and competitive advantage (CA), with the remaining 55.8% attributed to other factors not covered in this study. Similarly, 49.2% of the variance in social performance (PS) is explained by SEO, SEC, BP, and CA, with the remaining 50.8% being driven by factors outside the study's focus.

Table 7 and Figure 1 display the results of the hypothesis testing. The first hypothesis test results show that social entrepreneurial orientation has a positive effect on financial performance, with

Table 6. Reliability with Cronbach's alpha

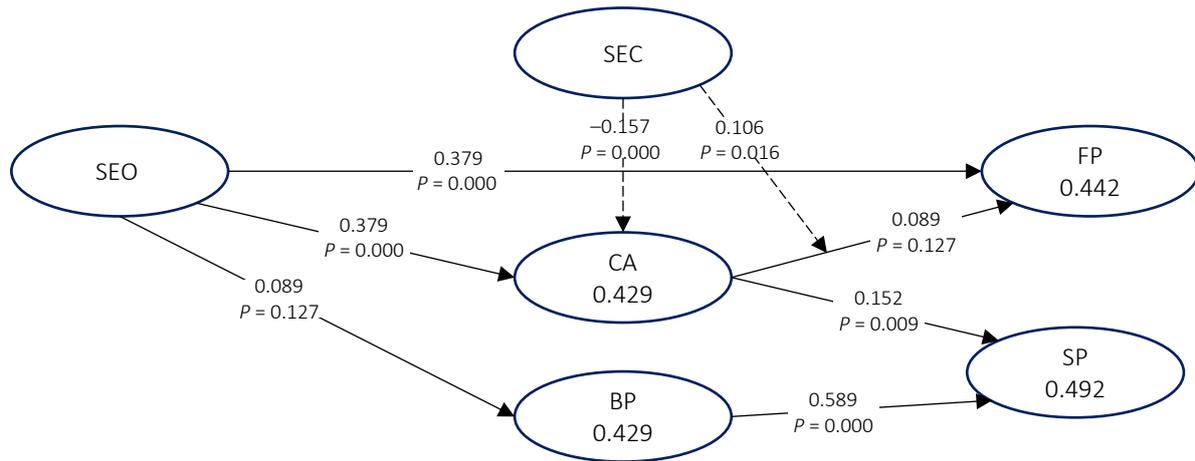
Variable	Cronbach's alpha	Composite reliability (rho_a)	Composite reliability (rho_c)	Average variance extracted (AVE)
BP	0.864	0.868	0.908	0.712
CA	0.879	0.890	0.908	0.623
FP	0.892	0.894	0.926	0.758
SC	0.852	0.858	0.900	0.693
SEC	0.895	0.898	0.923	0.706
SEO	0.956	0.957	0.963	0.767
R-square FP			0.442	
R-square SP			0.492	

Note: SEO = social entrepreneurial orientation; BP = business planning; CA = competitive advantage; SEC = social economic context; FP = financial performance; SP = social performance.

Table 7. Hypotheses testing results – Direct and indirect effects

Hypothesis	Direct and Indirect Effects	Original sample (O)	Sample mean (M)	Standard deviation (STDEV)	T statistic (O/STDEV)	P values	Information
H1	SEO → FP	0.379	0.381	0.062	6.110	0.000	Supported
H2	SEO → BP	0.655	0.656	0.049	13.460	0.000	Supported
H3	SEO → CA	0.790	0.791	0.031	25.884	0.000	Supported
H4a	SEO → BP → FP	0.059	0.064	0.039	1.491	0.136	Not Supported
H4b	SEO → BP → SP	0.100	0.103	0.039	2.538	0.011	Supported
H5	SEO → CA → SP	0.465	0.463	0.058	7.993	0.000	Supported
H6	SEC x SEO → FP	-0.157	-0.145	0.043	3.622	0.000	Supported
H7	SEC x BP → FP	0.106	0.100	0.044	2.419	0.016	Supported

Note: SEO = social entrepreneurial orientation; BP = business planning; CA = competitive advantage; SEC = social economic context; FP = financial performance; SP = social performance.



Note: SEO = social entrepreneurial orientation; BP = business planning; CA = competitive advantage; SEC = social economic context; FP = financial performance; SP = social performance.

Figure 1. SEM equation model

an original sample estimate of 0.379 and a significant value of 0.000. This proof validates H1. Furthermore, the results of hypothesis testing corroborate H2 by showing a significant value of 0.000 and an original sample estimate of 0.655, respectively, indicating that social entrepreneurial orientation influences business planning. Lastly, the outcomes of hypothesis testing imply that social entrepreneurial orientation significantly impacts competitive advantage, with a p -value of 0.000 and an original sample estimate of 0.790, thereby supporting H3.

The mediation hypothesis test results for H4a reveal that the indirect impact of social entrepreneurial orientation on financial performance through business planning has a p -value of 0.136 and a path coefficient of 0.059, showing that H4a is not validated. Alternatively, the results for H4b show that business planning positively influences social enterprise performance, with a significant p -value of 0.01 and a path coefficient of 0.1, thereby supporting H4b.

Moreover, the results of testing H5 indicate that social entrepreneurial orientation impacts social performance through competitive advantage, as evidenced by a p -value of 0.000 and a path coefficient of 0.465. This demonstrates support for H5.

The outcomes of testing H6 indicate that moderating the socio-economic context with a social entrepreneurial orientation affects financial per-

formance, with a p -value of 0.000 and a path coefficient of 0.000. Thus, H6 can be supported. The results of testing H7, moderation of the socio-economic context with business planning on financial performance, can also be supported by a p -value of 0.016 and a path coefficient of 0.106.

4. DISCUSSION

This study explores at competitive advantage, business planning, and social entrepreneurial orientation as factors that affect the performance of social enterprises, especially cooperatives. It also takes the socio-economic backdrop into account as a mediating element. The findings indicate that SEO positively influences financial performance. It also implies that enhancing SEO within cooperatives can lead to improved economic performance. Furthermore, social entrepreneurial orientation fosters innovation aimed at addressing social issues. Unique and relevant products or services can engage new customers and increase cooperative income. This supports the findings of Gali et al. (2020), Sulphey and Salim (2020), Zafar et al. (2022), and Lückenbach et al. (2023). These studies stated that SEO enhances financial performance. The proactive aspect of this entrepreneurial orientation can help reconcile conflicts between economic and social values within society, thereby boosting the company's financial outcomes.

Social entrepreneurship orientation has an impact on business planning. The findings show that a

high business entrepreneurship orientation will impact business planning. Cooperatives oriented toward social entrepreneurship tend to focus more on their members' social and economic missions. This influences business planning to ensure that business goals are aligned with the needs of members and the community. Data show that entrepreneurial orientation is relatively high. This encourages cooperatives to develop innovative products and services. In business planning, cooperatives can identify new opportunities to provide social benefits while increasing income. Gali et al. (2020) and Tykkyläinen and Ritala (2021) explain that social entrepreneurship encourages managers to set clear missions that combine social and economic goals. This result matches Basri, Taufik, et al. (2023), who discovered that social entrepreneurial orientation influences business planning.

The findings prove that SEO impacts competitive advantage. They indicate that cooperatives embracing a social entrepreneurial orientation tend to be more innovative in developing products and services that satisfy market demands and deliver social benefits, attracting more members and customers. This result aligns with Ozdemir and Gupta (2021).

The findings also indicate that business planning does not serve as a mediating factor in the relationship between SEO and financial performance. However, it can mediate the effects of SEO on overall performance. The findings show that SEO impacts business planning, but business planning cannot directly improve the financial performance of cooperatives. This is because business planning often does not directly impact financial performance in the short term. Many business plans take time to implement. Product development, marketing, and operational adjustments can take time before the results are seen in the financial statements (Marion & Fixson, 2021). Business planning often involves significant upfront investments, such as research and development or marketing costs. In the short term, these expenses can reduce profits, although they may generate profits in the future.

Furthermore, the findings show that SEO influences social performance mediated by competitive advantage. The findings reveal that social

entrepreneurship orientation is characterized by innovation, creativity, and proactivity in cooperatives, leading to competitive advantages that attract the community to utilize their services and subsequently enhance social performance. This observation matches the outcomes of Azeem et al. (2021), who state that SEO excellence enhances competitive advantage, ultimately improving performance.

The findings indicate that the socio-economic context moderates the relationship between SEO and financial performance. This study found that socio-economic context tends to decrease cooperative performance. Limited access to capital in cooperatives often occurs, which causes a decline in collaborative performance. Cooperatives frequently rely on member contributions and loans. In a complex economy, limited access to capital for expansion or innovation can inhibit growth. Supporting Cheah et al. (2019b), the socio-economic context reflects how effectively the environment surrounding a social enterprise operates. This context can change over time, influencing the organization's development and performance.

Moderation of socio-economic context with business planning on financial performance can also be supported. The findings show that socio-economic context can support business planning and improve the financial performance of cooperatives. Socio-economic contexts such as government policies strengthen business planning by providing a better framework and increased member involvement in business planning, resulting in plans that are more inclusive and tailored to their needs. By leveraging a supportive socio-economic context, cooperatives can plan more effective business strategies, improve their performance, and provide more significant benefits to members and the community.

This study supports the resource-based view (RBV) theory, offering several important implications, especially for organizations and management. RBV emphasizes the importance of unique and valuable resources as the key to achieving competitive advantage. Organizations must identify, develop, and protect these resources to survive competition.

CONCLUSION

This study aims to examine the interaction between social entrepreneurial orientation, strategic planning, and competitive advantage in shaping cooperative performance, accounting for the moderating influence of the socio-economic context. The findings indicate that social entrepreneurial orientation positively impacts the financial performance of cooperatives. Additionally, social entrepreneurial orientation influences both business planning and competitive advantage. The findings suggest that cooperatives embracing social entrepreneurial orientation are more likely to innovate in developing products and services that fulfill market demands while delivering social benefits.

Business planning cannot mitigate the impact of social entrepreneurial orientation on financial performance. However, it can mitigate the impact of SEO on performance. The results also demonstrate that social entrepreneurial orientation affects social performance through a competitive advantage-mediated pathway. Financial success is influenced by the moderation of the socio-economic context with the social entrepreneurial approach. The impact of business strategy on financial performance and the socio-economic environment can be moderated.

This study has a small, unrepresentative sample size that may limit how broadly the results may be applied. Furthermore, respondents may have provided false or biased information since they misunderstood the questions or were trying to please the researcher. The study ignores other crucial variables and concentrates exclusively on key cooperative features. In order to make the results more representative and generalizable, it is advised that future studies broaden the scope and concentrate on a wider range of industries and geographical regions. To delve deeper into the research findings, looking at other factors that have not been examined, including government backing and performing mixed research, is vital.

The implications of the present study on cooperatives can cover various aspects that impact their practice, policy, and development. Thus, the findings can provide recommendations for policymakers in designing policies that support the growth and sustainability of cooperatives. Future research can identify critical factors influencing cooperative performance, such as increasing SEO, business planning, competitive advantage, and socio-economic factors.

AUTHOR CONTRIBUTIONS

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