

The Relationship between Group Cohesiveness and Performance: An Empirical Study of Cooperatives Movement in Malaysia

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One of the most constantly studied constructs in group dynamic research is cohesiveness. Indeed it refers to two main constructs namely task and social cohesion. Since organizations become increasingly dependent on group cohesiveness to strive for better performance, these two constructs (social and task cohesion) have consistently affected performance as suggested in many studies. However, limited attention has been focused to explore these relationships in the context of cooperatives movement. Therefore this study examines the extent to which respondents' perceptions of the relationship between task and social cohesion and performance in the cooperatives movement. Data was collected from 371 respondents via questionnaire. The results showed that group cohesiveness significantly related to organizational performance. In addition both task and social cohesion were significantly correlated with organizational performance as predicted by hypotheses. The results also present new perspectives for cooperative movement where members' strong relationship can further contribute to the growth of the movement's performance. The degree of cohesiveness among members determines the success of cooperative's performance in stirring toward its future direction. The study also highlighted the need for future empirical research on group cohesion and performance in other contexts.

Keywords: group cohesiveness, task cohesion, social cohesion, cooperatives movement

Introduction

Co-operatives movement can be described as an autonomous organization where members come together voluntarily in order to achieve joint interests and joint aspirations in the field of economic, social and culture, regardless of gender, socio-cultural and religious body which is owned jointly and democratically controlled (Salleh, Arshad, Shaarani, & Kasmuri, 2008).

The cooperatives are formed and owned by a group of individuals for the purpose of improving their standard of living and enjoying the social services provided (Kamsi, 2008). The underlying philosophy of cooperative movement emphasizes on service and the well-being of members and governed by seven cooperative principles that have been universally accepted and adopted by the International Cooperative Alliance (ICA). Among the stated principles is that the group members' economic participation in the cooperatives activities, and thus the movement performance depends largely on the degree of relationship or cohesiveness between the cooperatives and their members.

The degree of cohesiveness will determine the successfulness of cooperatives' activities such as in the economy, social and culture aspects (Sapran, 2010). Theoretically, group cohesiveness has come to play an important role in the study of group dynamics.

Researchers have studied this concept or theory in order to understand what determines the development of cohesiveness and the effects of increased or decreased cohesiveness on organizational performance (Stogdill, 1972). A common underlying concept in the area of group cohesiveness was proposed by Carron in 1982. Carron (1982) defined cohesion as a dynamic process which is reflected in the tendency for a group to stick together and remain united in the pursuit of its goals and objectives. The researcher also developed a conceptual model of explaining group cohesiveness – performance relationship. The purpose of this study is to investigate the relationship between group cohesiveness and performance. Specifically, this study aims to investigate the relationship between task and social cohesion and performance in the context of co-operatives movement.

International Cooperative Alliance (ICA) Congress in Manchester in 1995 has approved the Cooperative Identity Statement that lists the core values and a set of cooperative principles. At the

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congress, the cooperative has been defined as an autonomous association of people, joined voluntarily to meet the needs and aspirations with the economic, social and culture through a joint owned and democratically controlled organizations. Cooperation between the business entity and organization has been based on the concept of mutual assistance and concern to the community around it. In addition, determination of the existence of a group of people to work together to solve problems faced without external assistance. Thus the whole structure of the cooperatives is based on the concept of self-reliance and cooperation in which members have the same rights, duties and responsibilities and agree to manage it together (Tan & Selvarani, 2008).

In Malaysia, co-operative movements have played a significant economic and social role and demonstrate their relevancy to the economic and social development. Hence, it's a government aspiration to recognize cooperatives movement become Malaysian fourth engine growth after manufacturing, services and agriculture that can contribute to national economic growth (Tan & Selvarani, 2008). It is important that, the competitive and ever changing environment calls the co-operative movement to be more adaptive to meet a high level of performance (Sapran, 2010).

Literature Review

Group cohesiveness and organizational performance

Group cohesiveness is considered to be one of the most important group variables and is generally linked to organizational performance. Therefore, research on the organizational performance would be inappropriate without focusing this variable (Elenkov, 2002). In military unit, Oliver, Harman, Hoover, Hayes, and Pandhi (1999) reviewed research using meta-analytic technique. The authors concluded that group cohesion had significant results in desirable performance in military unit. Another study that focuses on the relationship between group cohesiveness and performance had been conducted in a student military organization.

A questionnaire assessing task cohesion, interpersonal cohesion and performance processes was administered to members of nine large-scale cadet squadrons in the United States. These analyses showed equally strong associations between group performance and forms of cohesion. Taken together, the data provided evidence for a multidimensional rather than a unitary perspective of group cohesiveness (Zaccaro, 1991). Keller (1992) examined the association between group

cohesiveness, physical distance, job satisfaction, innovation orientation and performance in a large R&D organization. This longitudinal study involved 32 project groups and was analyzed by hierarchical regression. Among all the independent variable, it showed that group cohesiveness was the only variable that significantly correlated with the performance of project groups. In addition, the result of the study clearly indicated that group cohesiveness was the strongest predictor of project group performance, both at the initial assessment and over time. By using a sample of 298 athletes from 24 universities, Patterson, Carron, and Loughhead (2005) examined the potential influence of team cohesiveness on the performance. Athletes on team perceived to have higher cohesion reported the best performance. The norm of group cohesiveness in the context of sport influenced the cohesion-performance relationship and supported the theoretical proposition that higher cohesion related to better performance. However, researchers would benefit from continuing this line of research in other situation that also stressed on the importance of group cohesiveness and performance. In a study conducted by Craig & Kelly (1999), the performance measured on a novel group creativity task in exploring the relationship between group cohesiveness and performance. The researchers tested the effect of an important process variable, cohesiveness on performance on the novel creativity task.

A total of 189 college students enrolled in introductory psychology classes participated in the study that involved in 'creativity and projected images' task. Findings stated that group cohesiveness would be important for improving or enhancing performance (creativity). Obviously, more research must be conducted to confirm this preliminary finding regarding the effects of group cohesiveness and creative performance. Mullen & Copper (1994) reported the results of a meta-analytic integration of the relationship between group cohesiveness and performance. The results were based on more than 200 published and unpublished articles, reports and theses. These analyses had documented that the group cohesiveness and performance effect does; in fact result to a highly significant degree. However, these results seem failed to conclusively establish very much about the integration between group cohesiveness and performance since it did cover study from other context as such as business, not-for-profit organization. The research literature consistently supported that more group cohesiveness are more effective in achieving organizational performance (Shaw, 1981). This notion had been duplicated in a study conducted by Dorfman & Stephan (1984). The researchers tested the

hypotheses stated that group cohesiveness will be positively related to organizational performance with the direction of causality from cohesiveness to performance. The respondents of the study were undergraduates students majoring in business, whereby they worked together by participating in a management game designed to stimulate business decision making. The hypothesis was supported, whereby group cohesiveness was positively correlated with organizational performance. But differences from others studies that are most likely to explain the differences in the results are the nature of the subject's populations and the nature of the task performed. Since the study involved individuals working together on a joint task, it's considered that the causal relationship between cohesion and performance are more powerful in explaining the correlation between group cohesiveness and organizational performance. Hunger and Wheelan (1984) in their study investigated the relationship between group dimensions and performance in a business simulation games. The high profit teams tended to be perceived by members who have strong relationship. It was concluded that a team with high task cohesion will be more likely to achieved high profit than will a more social cohesion. Therefore, based on the above discussion, the following hypotheses were formulated:

H1; There is a relationship between group cohesiveness and organizational performance.

H2; There is a relationship between task cohesion and organizational performance.

H3; There is a relationship between social cohesion and organizational performance

Methodology

Data Collection: Before distributing the questionnaire, researcher asked for a recommendation and support in the form of a letter from the Malaysia Co-operative Commission to conduct the study. The justification of conducting the study was highlighted as a main content of the letter. As such, it highlighted the benefits of this study to Malaysia Co-operative Commission directly and indirectly. The target population in this study was the cooperatives in Malaysia. The Statutory and Registration Department of Malaysia Co-operative Commission (2010) has a directory that lists all cooperatives in Malaysia and it is the best available source to extract a sampling frame. Currently the number of cooperatives registered with the Cooperative Commission of Malaysia stands at 7,688. After permission was received from the respective sectors to conduct the study, a total of 371

questionnaires (Krejcie & Morgan, 1970), was mailed to the respondents together with the completed self-address envelope. Systematic random sampling was used in this study whereby a sample was chosen by selecting a random point and picking every K element in succession from the sampling frame. The letter attached with the questionnaire also stressed that the information provided will be treated with strictest confidence and would be used only for academic purpose. A soft reminder letter was mailed after one week to all the respondents reminding them to complete and return the questionnaires. The respondents in this study were manager of the cooperatives. They were considered as the most likely key person that can furnish information, since they're directly involved in daily activities of the co-operative. In addition, the influence of their decision making attributes over organizational performance therefore their feedback is expected to be more substantial. The Statistical Package for Social Science (SPSS) version 18.0 was used to analyze the questionnaire data. Descriptive statistics were conducted to report the frequencies, means score and standard deviations of the demographic data, group cohesiveness and organizational performance. Pearson's correlation coefficient was used to test the relationships between group cohesiveness and organizational performance.

Measures

Group Cohesiveness: Item for group cohesiveness (task cohesion and social cohesion) was adopted from Carron, Brawley, and Widmeyer (1985) and Podsakoff, Niehoff, MacKenzie, and Williams (1993). Group cohesiveness measured the degree to which work groups were closely knitted and cohesive. Group cohesiveness is measured by 15 items. All items were rated on a five-point Likert-type scale, whereby 1 = strongly disagree to 5 = strongly agree.

Organizational performance: Organizational performance was measured by adopting Murphy, Trailer, & Hill (1996) measures of efficiency, growth, profit, and size liquidity as it is an advantage when adapting multiple indicators that incorporates financial and non-financial performance in the assessment (Mia & Clarke, 1999). The instrument comprised of 6 items. All items were rated on a five-point Likert-type scale, and were coded on a scale of 5 (significantly higher) to 1 (significantly lower).

Reliability Test: The reliability tests shown in Table 1 indicated an excellent reliability for all its components with a coefficient alpha of above 0.7 exceeding the minimum acceptable level as suggested by Nunnally (1978).

Table 1. Overall internal reliability

No	Variables	Reliability (Cronbach's Alpha)
1	Group cohesiveness	0.83
2	Task cohesion	0.75
3	Social cohesion	0.72
4	Organizational performance	0.75

Results

Table 2 indicates that most of the respondents were male (54.2%). The highest percentage of the respondents were in the age group of 41-50 (44.7%), followed by the age group of above 50 (34.8%). The responses from the respondents also indicated that 41.5% had SPM/MCE level of education; 21.6% had PMR/SRP level of education; 10.8% had STPM level of education and 16.2% had Diploma level of education. Majority of the respondents had served the cooperatives between 11 to 15 years (47.2%). Furthermore, it showed that 50% of the cooperatives intensively involved in credit/finance (35.0%) and plantation (35.3%) as their main activities. With reference to the cooperatives sales, the sample showed that the majority of the cooperatives were able to generate more than RM151, 000 (49.1%) annually. Finally, cooperatives that have more than 1,001 members (47.4%) were already established more than 15 years (88.1%)

Table 2. Demographic profile

Demographic variable	Frequency	Percent
Gender		
Male	201	54.2
Female	170	45.8
Age		
20-30	16	4.3
31-40	60	16.2
41-50	166	44.7
Above 50	129	34.8
Education Level		
Primary school	10	2.7
PMR/SRP /SPM/MCE	230	63.1

Table 3 Means, standard deviations, and intercorrelations among variables

Variables	Mean	SD	1	2	3	4
1. Group cohesiveness	5.56	1.07	1			
2. Task cohesion	5.66	0.70	0.52*	1		
3. Social cohesion	4.58	1.13	0.47*	0.35*	1	
4. Organizational performance	3.78	0.65	0.56*	0.53*	0.38*	1

Note: (N=371). All correlations were significant at * $p < 0.01$

STPM	40	10.8
Diploma	60	16.2
Degree/Master/PhD	27	7.3
Services		
1- 5 year	50	13.5
6 – 10 year	71	19.1
11-15 year	175	47.2
Above 15 year	75	20.2
Main Activity		
Banking	14	3.8
Credit/Finance	130	35.0
Plantation	131	35.3
Housing	28	7.5
Industrial	3	0.8
Consumer	18	4.9
Transportation	47	12.7
Sales		
Less than RM50,000	36	9.7
RM51,000 – RM100,000	57	15.4
RM101,000- RM150,000	96	25.9
More than RM151,000	182	49.1
Total Members		
Less than 250 members	67	18.1
251-500 members	115	31.0
501- 1,000 members	13	3.5
More than 1,001 members	47.4	47.4
Operations		
1-5 years	10	2.7
6-10 years	5	1.3
11-15 years	29	7.8
More than 15 years	327	88.1

Means, standard deviations, and correlations among the variables in the study are presented in Table 3. Support for each of the hypotheses is evident in this table. It indicated that group cohesiveness significantly related to the organizational performance ($r = 0.56$, $p < 0.01$). This result implies that in cooperative movement the higher the group cohesiveness the higher the organizational performance of the movement. In addition both task and social cohesion were significantly correlated with organizational performance as predicted by hypotheses 2 and 3 ($r = 0.53$, $p < 0.01$) ($r = 0.38$, $p < 0.01$).

Discussion

The results demonstrated that participants working in group cohesiveness do have a significant relationship with organizational performance in the context of cooperative movement. These findings support the conclusion of Mullen and Cooper (1994) and Loughead and Carron (2004) that group cohesiveness is more likely to influence performance.

Hoegl and Proserpio (2004) indicated that if people are closed to one another, it will strengthen by closer proximity that in turn, facilitates better performance. Therefore, it is necessary to encourage organizations not only to obtain stronger learning capability, but also to have work environments characterized by group cohesion, since these are some of the main routes to generating a total improvement in organizational performance. The fact that group cohesiveness would be associated with performance was not surprising. In their meta-analysis of the cohesion-performance relationship, Carron, Colman, Wheeler, and Stevens (2002) found that group cohesiveness had a moderate relationship with performance. Hence it is important that strong relationship will have a high level of performance. In addition, Carless and De Paola (2000) where they suggested that members who work in the cohesive group believed that organization performance was the principal focus at any situation.

Furthermore, the results indicated that how task cohesion had a stronger relationship with performance than social cohesion. It supported the previous study (Wheeler, 2004) that although task and social cohesion are considerably important, task cohesion is higher than social cohesion. Specific attention within cooperatives movement in strengthening task cohesion among members is essential. Some limitations of this study should be highlighted. Business performance was evaluated from a single perspective.

Prior studies (Hart & Bandury, 1994; Venkatraman & Ramanujan, 1986) also used the measures of business performance, these usually distinguished between different levels of performance: financial performance, operational performance and organizational effectiveness (Morgan, Kaleka & gan 2000). The narrowest conception of business performance uses primarily outcome-based financial indicators (e.g. sales growth, earnings per share) that are assumed to reflect the fulfillment of the firm's economic goals. A broader conceptualization of business performance would emphasize indicators of operational performance (e.g. market share, product quality) as well as those of financial performance. Organizational effectiveness should also take into account other agents involved in

the firm performance such as measuring personnel satisfaction in the organization. Therefore future research should also devote closer attention to measuring business performance from a multiple perspectives. The findings from this study may not be applicable to other organizations or industry, and therefore it is important that future research should extend the work to different types of organizations, settings, industries and culture in order to assess the generalizability on the effect of group cohesiveness on organizational performance. The study has produced a main implication in how group cohesiveness contributes to the body of group-performance knowledge and practice.

The strong evidence of significant correlations between group cohesiveness, and organizational performance may provide cooperative member, leaders and managers with a validated knowledge that enables them to strengthen their cohesiveness at various level since the ability of the cooperative to survive relies on the of strong relationship among members, leaders within the cooperatives movement (Tan & Selvarani, 2008).

Conclusion

It is clear that performance is correlated by a combination of task and social cohesion. Given the research support, there is a need to realize and create awareness, contradictory to traditional views, particularly in the cooperative movement and especially among leaders or top management who rely on groups in expecting high results, about the detrimental effect of cohesiveness factor. The results also offer new perspectives for cooperative movement where members' strong relationship can further contribute to the growth of the movement's performance. The degree of cohesiveness among members determine the success of cooperative's performance in moving toward its future direction (Sapran, 2010; Tan & Selvarani, 2008).The cooperative movement needs to strengthen its degree of relationship or cohesiveness among members as its performance depends largely on it.

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