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## ANALYSIS OF SUCCESS FACTORS OF KPBS PANGALENGAN

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*Abstract. Cooperative is an economic organization of free people who join together to improve prosperity through service to its members as owners and users, on the basis of equality, self-help, and mutual cooperation. The purpose of cooperative is to promote the prosperity of members in particular and society in general, and also to build the national economic system, in order to realize a progressive, just and prosperous society based on Pancasila and the 1945 Constitution. Unfortunately, in 2016, government dissolved 61 thousand cooperatives in the entire of Indonesia. While in 2017, 40,013 units of cooperatives was dissolved. One of the quite successful cooperatives in Bandung is the Koperasi Peternakan Bandung Selatan or KPBS Pangalengan. The success of cooperatives is influenced by several factors, those are member participation, professionalism of management, and external factors. This research conducted by using a qualitative rapid-ethnography method, gather the data from 9 respondents with different role in KPBS Pangalengan by using the semi-structured interview. The result analyzes use spradley method based on the interview result. The result has shown that the success of KPBS Pangalengan determined member participation, professionalism of management, and the external factor through increasing the price of milk, increasing the productiveness of cooperatives, and using the facilities that provided by the cooperative.*

**Keywords:** Cooperative, Success Factor of Cooperative, Success Cooperative, KPBS

### Introduction

According to Boavida in his book entitled "Cooperation, The key to Progress", the cooperative is an economic organization of free people who join together to improve prosperity through service to its members as owners and users, on the basis of equality, self-help, and mutual cooperation (Mutis, 1992). The cooperative is primarily a joint purchase and also a joint sale. And every purchase and sale together can be done in large numbers so the cost will be cheaper (Hatta, 1954).

Cooperative purpose is to promote the prosperity of members in particular and society in general, and also to build the national economic system, in order to realize a progressive, just and prosperous society based on Pancasila and the 1945 Constitution (Sitio & Tamba, 2001).

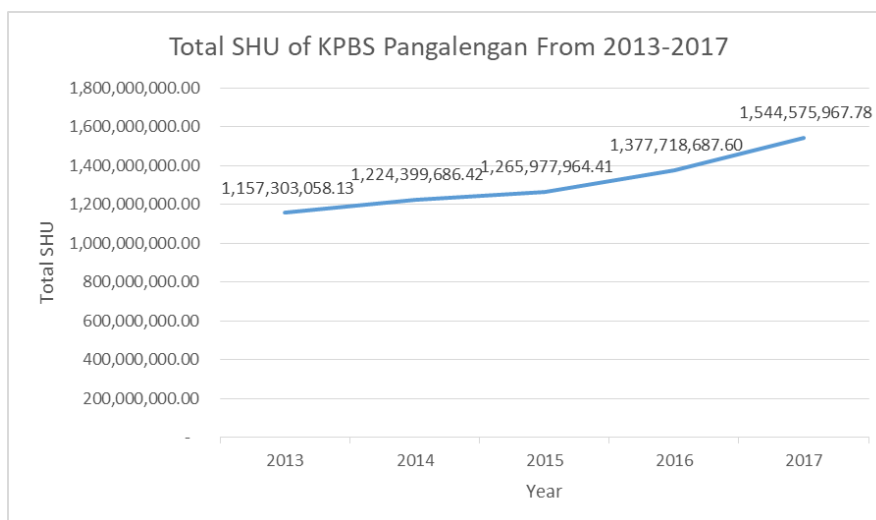
However, compared to Indonesia's gross domestic product, the contribution of cooperatives is still low. According to the Minister of Cooperatives and SMEs Agung Gede Ngurah Puspayoga, the contribution of the cooperative sector to the GDP of Indonesia in 2014 is 1.71%, in 2016 of 3.99%, and in 2017 by 4.48% (Sicca, 2018)

In Europe the country with one of the largest cooperative sectors is Finland where cooperatives contribute about 21 per cent of GDP. The corresponding figure for Sweden is 13 per cent, Switzerland 16 per cent, and Italy 10 percent (The World Weekly, 2015). In South America the countries in which the contribution of cooperatives to GDP is significant include Brazil 8 per cent and Argentina 10 per cent. In addition, the contribution of New Zealand cooperative to its GDP is 17.5% (Hadfield, 2017).

In 2016, the Secretary of the Ministry of Cooperatives and Small and Medium Enterprises, Agus Muharram, said the government will dissolve 61 thousand cooperatives in the entire of Indonesia (Fikri, 2016). While in 2017, Minister of Cooperatives and Small and Medium Enterprises Anak Agung Gede Ngurah Puspayoga said there are 40,013 units of cooperatives dissolved during 2017 (Nurhayat & Fatwalloh, 2018). Deputy of Ministry of Cooperatives and Small and Medium Enterprises, Meliadi Sembiring says that there are several reasons why the cooperative is dissolved such as the cooperative

has a problem, inactive, and do not create RAT (Nurhayat & Fatwalloh, Beragam Alasan 40.013 Koperasi Dibubarkan: Tak Aktif dan Bermasalah, 2018)

Success of cooperatives is influenced by several factors, those are managers, services, capital, member participation, and government coaching. (Syaifullah, 2016). Broadly speaking, the success factors of cooperatives is determined by 3 (three) factors, Member Participation, Professionalism of Management, and External Factors (Mutis, 1992).



One of the quite successful cooperatives in Bandung is the Koperasi Peternakan Bandung Selatan or KPBS Pangalengan. As can be seen in the graphic above that SHU or Profit of KPBS Pangalengan in 2013 is Rp. 1,157,303,058.13 and always increase in every year.

More over there are some fact that support the success of KPBS Pangalengan such as it has ranked 28 from 100 major cooperatives in Indonesia (Muchtart & Taufiq, 2013). Assessment based on parameters of total asset, business volume, number of members and service quality. In addition KPBS Pangalengan got 16 awards from given by various agencies in the span of time from 1976 until the last year 2017 (Leaflet Profile 2017).

KPBS is a cooperative consisting of dairy farmers based in Pangalengan, Bandung, West Java (Koperasi Peternakan Bandung Selatan Pangalengan, n.d.). KPBS Pangalengan is a combination of 4 dairy farms managed by the Holand Company (secondary data). After Indonesia became independent, the company was taken over by Pangalengan people. KPBS Pangalengan officially established on April 1, 1969 (Halawa, 1993).

Services or activities undertaken by KPBS Pangalengan divided into 4 parts in outline. Pre-Production Services cover a wide range of activities such as the provision of seeds, the provision of fodder, the supply of equipment, the provision of medicines. Production process services consist of cooperative activities, provision of forage, dairy farm management, milk storage, and milk processing. Production marketing services consist of marketing activities to IPS (Milk Processing Industry), non-IPS marketing, and transportation services. Finally, business support services consist of education and training activities, counseling and mentoring, service and member health business, livestock health services and businesses, livestock insurance, member services and member services, and community credit services. (KPBS Leaflet Profile, 2017).

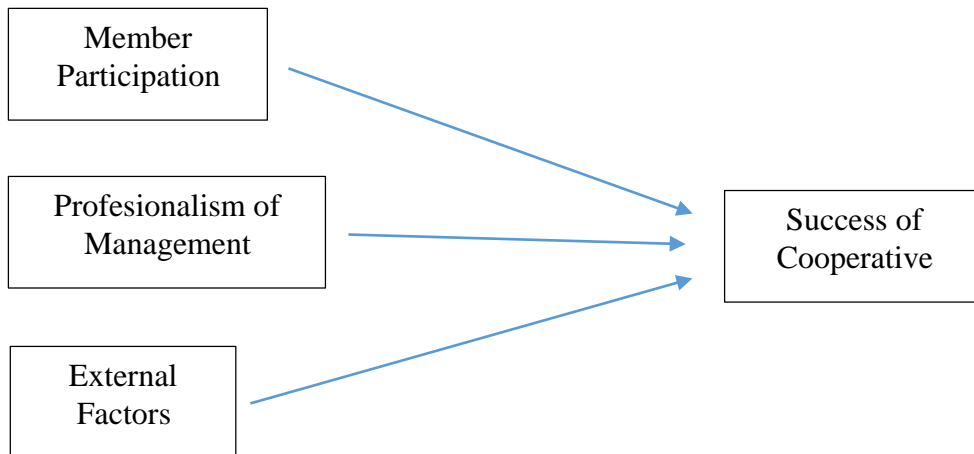
KPBS Pangalengan has two business units. The first is a dairy business unit, this business unit has activities in the field of production of milk drinks and processed derivative products. The second unit is PT. BPR Bandung Kidul who has activities in providing credit services for members of KPBS Pangalengan to increase member economic activity (KPBS Pangalengan, 2018).

Members of KPBS Pangalengan according to data of 2017 amounted to 4,556 members, which is divided into 2,738 active members and 1,818 non-active members (KPBS Pangalengan, 2018). Because KPBS Pangalengan has a lot members, the working area of KPBS Pangalengan is divided into 3 areas namely Kecamatan Pangalengan, Kecamatan Kertasari, and Kecamatan Pacet. (KPBS Leaflet Profile, 2017).

The objective of this research is to get a description about the influence of participation of members, Professionalism of Management, and The Role of External Party in KPBS Pangalengan to its success.

## Theoretical Foundation

Based on several literature source can be find that success of cooperatives is influenced by several factors, those are managers, services, capital, member participation, and government coaching. (Syaifulallah, 2016). Broadly speaking, the success factors of cooperatives is determined by 3 (three) factors, Member Participation, Professionalism of Management, and External Factors (Mutis, 1992).



### 3.5.1 Member Participation

In order for the success of the cooperative to be realized then it is necessary member participation in terms of decision-making or democracy members, seen from his presence in attending meetings but not just present, members are required to take an active role in contributing ideas, or criticism of the cooperative business survival, due to the fact in the field of attendance of members in the meeting, giving ideas, suggestions / criticism, and the desire to run for the board is still low.

The amount of capital gained from members will have an impact both to the survival of the cooperative. However, in reality, the members' awareness to keep their money in voluntary saving is still low enough, so that cooperative capital can be fulfilled it is necessary member participation in the capital sector can be seen from the activeness of members pay various deposits such as principal savings, mandatory savings, and voluntary savings in a timely manner.

Business cooperatives can live and grow if members are always willing to take advantage of services available in the cooperative. Members of the cooperative here serve as consumers and customers of the activities of the cooperative business unit.

The success of the cooperative is also seen from the commitment of its members to the cooperative and trust of members to the cooperative management. The main characteristic of a cooperative company that distinguishes it from other business entities is that the members of the cooperative have a dual identity that is both as owner and the service user of the cooperative company (Sugiasitini & Yuliarmi, 2015).

### 3.5.2 Professionalism of Management

One way to see the professionalism of a company (in the context of this research is cooperative) is to look at the implementation of the principles of Good Corporate Governance in the company. Good Corporate Governance is a structure formed by stakeholders, shareholders, commissioners, and managers in setting company goals, and means to achieve those objectives and oversee performance moreover it also can be interpreted as a set of rules governing relationships between shareholders, managers of companies, creditor parties, governments, employees, and other internal and external interest holders relating to their rights and obligations or in other words a system that controls the company (Purwanto & Mustamu, 2013).

There are five basic principles of Good Corporate Governance (Komite Nasional Kebijakan Governance, 2009), such as:

1. Transparency (transparency), contains elements of disclosure and provision of information that is adequate and easily accessible by stakeholders. Transparency is required for companies to conduct business objectively and healthily. Indicators on the principle of transparency are the company must provide information in a timely manner, adequate, clear, accurate and comparable and easily accessible

to stakeholders in accordance with their rights, the principle of openness adopted by the company does not reduce the obligation to comply with the company's confidentiality provisions in accordance with laws and regulations, job secrets, and personal rights.

2. Accountability, contains elements of clarity of function in the organization and how to account for it. The company must be able to account for its performance in a transparent and reasonable manner. For that purpose, the Company must be properly managed and measured in accordance with the Company's interests while taking into account the interests of Shareholders and other stakeholders. Indicators of this principle are the basis of work and audit. Working base is defined through the company structure, SOP and business unit functions. The company forms the corporate structure according to the company's needs and is always perfected from time to time.

3. Responsibility, the Company must comply with legislation and carry out its responsibilities to society and the environment so as to maintain business continuity in the long term and be recognized as a good corporate citizen. Principle Indicators Responsibility namely the organ of the company must adhere to the principles of prudence and ensure compliance with legislation, articles of association and corporate regulations.

4. Independency, the Company must be managed independently so that each part of company and their staffs shall not dominate each other and cannot be interfered by any party. Indicators of this principle are: Each part of company must avoid dominance by any party, not affected by certain interests, free from conflict of interest and from any influence or pressure, so that decision making can be done objectively.

5. Fairness, contains elements of equal treatment and opportunity. In conducting its activities, the Company shall always take into account the interest of Shareholders and other stakeholders based on the principle of equality. Fairness principle indicators are the company gives stakeholders to provide input in decision making, the company provides equitable and fair treatment to the stakeholders, there is no ethnic, religious, racial, gender, and physical distinction to employee acceptance and career.

### 3.5.3 External Factor

External factors in this context is more to be the role of government to the cooperative. Governments are obliged to provide opportunities and encouragement to the community to be able to operate well and provide proportional and genuine empowerment measures and create a conducive climate for the growth and development of cooperatives (Soesilo, 2008).

For the government, building a cooperative, as with establishing micro, small and medium enterprises, is a constitutional obligation. In the sense of obligation to provide opportunities and encouragement to the community (but not mandatory) to be able to operate well and provide proportional measures of empowerment and seriously create a climate conducive to the growth and development of cooperatives (Soesilo, Dinamika Gerakan Koperasi Indonesia, 2008).

### **Methods**

This study is the qualitative research method conducted to explore the objective of the study. This research conducted by using a qualitative rapid-ethnography method. This study supports with the semi-structured interview. It conduct to several element in KPBS Pangalengan such as the member, administrators, supervisors, and management of KPBS Pangalengan.

### **Data Collecting Method**

The researcher used semi-structured interview. It conduct to several element in KPBS Pangalengan such as the member, administrators, supervisors, and management of KPBS Pangalengan. Respondents were chosen through purposive-non-random sampling method, meaning that the researcher determines the sampling by determining the specific characteristics which is suitable with the research objectives so that it can answer the research problem and not give equal opportunity to every member of the population to be used as the research sample.

The secondary data will obtain data from the historical data of KPBS Pangalengan as secondary data to complete the analysis. These data include Financial Report, Organizational Structure, AD-ART, and other data supporting this research. Secondary data will used beside as adding data to be analyzed will also be used to validate the primary data obtained in the research.

Table 1 Interview Protokol

Member Participation	Decision Making or Democracy	Present
		Giving Idea or Criticism
		Desire to become the board
	Paying Deposit	
	Using Services	Deposit Milk
Using Other Services		
Professionalism of Management	Transparency	Information
		Policy
	Accountability	Work Base
		Audit
		CSR
	Responsibility	Law
		Owner/ Member
	Independence	Government
		Consultant
		Members Right
	Fairness	Compensation
		Reward & Punishment
		Recruitment
		TPK
	Service for Members	Health
		Good
		Bank
External Factor	Government	
	FFI	
	GKSI	

**Data Analysis Process and Procedure**

The researcher used Spradley Analysis Model for analyzing the data. Spradley Model Analysis is a data analysis performed at the time of collecting data conducted within a certain period of time is complete. At the time of interviewing the people that were in the first ring, researchers have done an answer analysis. If the interview result is considered less satisfactory, then the researcher will ask more questions. This analysis collects a lot of data to be classified into multiple clusters. Spradley

**Results and Discussion**

One of the successes of a cooperative is measured through the amount of SHU obtained by the cooperative (Ariffin P. D., 2016). SHU is the result of cooperative operations in one year. In this case, SHU KPBS Pangalengan is obtained from the sale of milk, both fresh milk and processed milk.

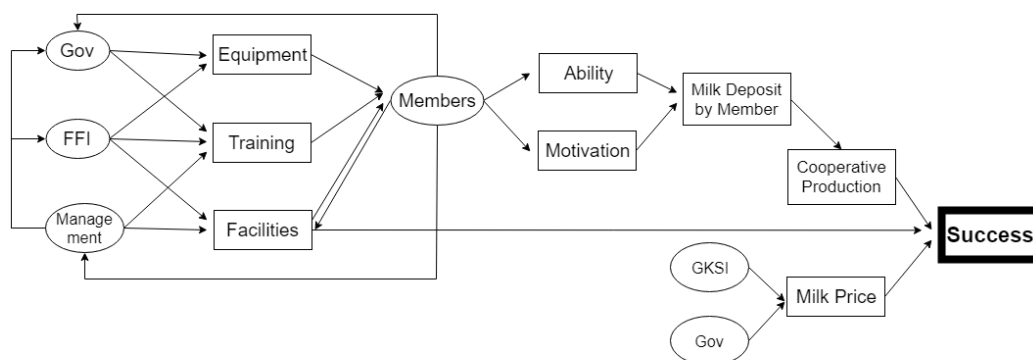
After further analysis it turns out that the amount of SHU received by the cooperative will be greatly influenced by the price of milk and the amount of milk produced by the cooperative. The price of milk received by the cooperative will refer to the national milk price determined by three parties, namely the government, cooperatives which in this case are represented by the GKSI, and IPS. Here can be seen if GKSI and the Government have a role to increase milk prices.

The amount of SHU received by KPBS Pangalengan will also be greatly influenced by the amount of milk production of KPBS Pangalengan. KPBS Pangalengan receives milk that is deposited by members, therefore the milk production of KPBS is strongly influenced by the amount of milk that is deposited by the members. The capacity of milk that members can produce is in accordance with the number of cows they have. One way to increase milk production is to increase the ability of members. The better the ability of members, the more milk they can produce, in term of quantity and quality. One way to improve the ability of farmers is to conduct good breeding procedures. This is the reason why FFI, the government, management diligently provides training to members.





Another thing that can increase member productivity is by providing various facilities to meet the needs of members by management. This makes the members no longer need to bother thinking about their needs because it has been facilitated by management. This of course will make members just stay focused (calm) to breed, which in turn will increase members' motivation to be more productive. On the other hand, the use of cooperative services by members will also affect the income of cooperatives because in this case members act as cooperative consumers (Ariffin P. D., 2016).

In addition, researchers also found that there was a reciprocal relationship between the factors of success of the cooperative. For example, members and management can influence the government to provide assistance by making proposals to the government (T6). Then management has an influence on the assistance provided by FFI, the assistance provided by the FFI will be adjusted to the submission given by management (T7). Finally, members have a role to supervise and encourage management to work. In the end this will be a looping return with influence making members more productive.

Here is a visualization of cultural themes:



**Note**

-  Subject
-  Object
-  Influence on
-  Target

**Conclusions**

Based on data analysis and discussion that has been done in the previous chapter, the conclusion of this research is that the success of KPBS Pangalengan determined member participation, professionalism of management, and the external factor through increasing the price of milk, increasing the productiveness of cooperatives, and using the facilities that provided by the cooperative

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