

# Parameters of Knowledge Management and Internal Corporate Governance as Determinants of Cooperative Sustainability

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## ABSTRACT

Currently, a lot of cooperatives' business have been declared as failed financial institution and threatened to be withdrawn by the government. Previous studies indicated that the main causes of failure of cooperatives' business are due to limited knowledge of cooperative's members and ineffective internal governance demonstrated by the less optimal role of supervisors to direct and control the manager's activities. The research gap also indicated that studies discussing indicators of knowledge management and internal governance in line with characteristics of cooperative business are still inadequate. Several relevant previous studies employed the indicators referring to general companies having different characteristics with cooperative business. Therefore, determining the indicators that are proper with the characteristics of cooperative business remains a pivotal issue. As a consequence, this study aims to determine indicators of knowledge management and internal governance which are in accordance with characteristics of cooperative business. Literature review and focus group discussion were utilized to unveil the indicators of knowledge management and internal governance based on the characteristics of cooperative in Indonesia. This study figured out that knowledge management was represented by three dimensions, twelve sub-dimensions, and 26 indicators. Meanwhile, internal governance is represented by four dimensions, with sixteen sub-dimensions and seventeen indicators. The finding of this study is expected to contribute new reference for determining indicators of knowledge management and internal governance in accordance with the characteristics of cooperative business in Indonesia.

**Keywords:** *cooperative, internal governance, knowledge management, sustainability, reputation*

## 1. INTRODUCTION

In the 21<sup>st</sup> century, it is an inarguable fact that corporate sustainability plays an important role to generate competitive advantage. By holding corporate sustainability, companies are capable of ensuring that corporate goals are continuously achievable [1], especially for sustainability regarding all activities undertaken in the entire supply chain [2]. In addition, companies can guarantee sustainable sources of competitive advantage as an effort to exploit sustainable opportunities in generating a source of competitive advantage [3]. Therefore, corporate sustainability is extremely required for all types of companies, either for common companies or cooperative business with unique principles in undertaking their business.

Cooperative business has unique characteristics compared to other business organizations. The uniqueness lies on the business principles in conducting its business activities. The principles of cooperative business are served as a concern for community, members' economic participation, and democratic members' control. Members of cooperative business contribute in allocating their capital to finance cooperative business activities, develop cooperative

business through active involvement of cooperative business members as business partners, and actively control cooperative business policies and activities. Accordingly, cooperative business has stronger power from its members compared to common companies or even the Listed Companies (Ltd).

Based on the cooperative business principles, the cooperative business should have higher opportunities to generate more positive value rather than the listed companies due to higher involvement of cooperative business members as a business partner. For that reason, cooperative business is advisably to focus on acts for generating sustainable development of their members' communities throughout policies, supported by the membership [4]. Thus, the cooperative business achieves its sustainability and survives from its competitors.

In Indonesia, cooperative business is regulated by law, including Law Number 25/1992 stipulating that cooperative conveys a business entity consisting of individuals. cooperative business as a legal entity establishes its activities based on the principle of cooperative business in general, as well as on people's economic movement in accordance with

the principle of kinship. This principle has been proven in several successful cooperative business such as in "Service Savings and Loans Cooperative" (*KospinJasa*) in Pekalongan regency whose assets of around IDR1.8 trillion and the number of members of around 8,145 members [5]. The main success of the cooperative business in Pekalongan lies in its ability to independently survive, securing a good reputation, especially among cooperative members [5].

The tagline that massive cooperative business movement will bring a bright future the cooperative business which in turn can build high cooperative reputation in Indonesia. Unfortunately, not many people are aware of the importance of reputation, especially in the cooperative business movement. In Indonesia's case, cooperative business has been struggling with financial health and management competence. It is inevitable if sufficient information related to cooperative performance is not available in public, it is hard to build cooperative reputation.

The cooperative businesses in Malang have positive reputation since 2014, because it concretely combats money lenders [6]. The effort is inseparable from the sustainability strategy that synergizes with all entities, such as members, management, supervisors, and government. Sustainability strategy in [7] are proven to be the drivers of the reputation of an institution / company / organization. Research by [8], which focuses on Cooperative Reputation in Malaysia emphasizes that sustainability becomes the foundation in building Cooperative Reputation

Sustainability is defined as a form of government policy to improve performance in the Cooperative sector to create cooperative reputation based on social, cultural, and economic principles [9]. Furthermore, in the research of [8] on the cooperative movement in Malaysia, sustainability encourages cooperative's good reputation.

The internal governance mechanism plays as the key to improve the welfare of cooperative members in a sustainable manner. [10] pointed out that governance, including internal governance mechanisms, will affect company sustainability. Governance mechanisms in the perspective of knowledge-based theory would arrange and accommodate the knowledge itself to be generated, integrated, and distributed within the company [11]; thus, it is considered as a complex and ongoing process with regard to corporate governance.

Reality on the ground demonstrates that the sustainability of cooperative in Malang has been far from the expectations. Data from 2015 indicated that (from the 767 cooperative business in Malang) there are 365 cooperative that are no longer active, even 50 of them are potential to be dissolved [12]. In addition, by 2017, it was only 25% of savings and loan cooperative able to survive and contribute to the economy of Malang city [13]. Based on the opinion of the Head of the Cooperative and MSME office of Malang City, poor governance has been blamed for the failure of cooperative in Malang [14]. Consequently, the cooperative management system becomes an inseparable part of the cooperative management.

Cooperative management is given the responsibility to perform operational cooperative activities to improve the welfare of cooperative members as cooperative owners/principals in a sustainable manner [15]. Governance

mechanisms in the perspective of knowledge-based theory accommodate the knowledge to be generated, integrated, and distributed within the company [11]; thus, it is a complex and ongoing process about corporate governance. [16] conducted a research on knowledge management governance postulating that knowledge management supports good internal governance mechanisms. Knowledge management support in cooperative is related to the competence of cooperative management as regulated in the Minister of Cooperative and SME Regulation No. 15/Per/ M.UKM/2015 as a standard reference. However, only one-eighth of the cooperative businesses especially engaging in saving and loan business in Malang has adequate knowledge management supported by competency certification [17].

Based on the phenomena and problems related to cooperative business, it is apparent that the mechanisms of cooperative internal management and knowledge management serve as the sole drive to create sustainability in cooperative [18]. This phenomenon further emphasizes that cooperative stakeholders are confident that increasing knowledge and internal governance can improve the quality of internal governance, which in turn will create cooperative business sustainability. Although there have been several studies related to cooperative business, most of the research results are still in the form of case studies, where the study of importance in variables related to sustainability, internal governance, and knowledge management is conducted separately [19-21]

Likewise, several studies have demonstrated that the important roles of internal governance, knowledge management, and sustainability variables have applied the dimensions which are commonly employed by common companies [22-23], while special parameters that are adjusted to the unique characteristics of cooperative business are still limited studies. As a result, the conditions, issues, and organizational structures of cooperative business which are different from companies in general, will unsuitably cause these measurement indicators to be implemented directly and are unable to provide a real image of cooperative.

Upon responding to such stated phenomenon, this study presents overviews as research urgency, considering that cooperative business becomes the "cornerstone of the Indonesian economy" in which certain measurement indicators are required in accordance with the organizational structure and conditions of cooperative. The measurement and explanation of the indicators for each of these variables can later be applied as a basis for preparing research instruments regarding the relationship of each of these variables, especially those related to the sustainability of the cooperative business in the long run.

## **2. LITERATURE REVIEW**

### **2.1 Sustainability**

Sustainability becomes an important issue in the socio-economic environment in an era of very high social risk, which has currently occurred. In the context of the country, sustainable economic development serves as an important

factor in creating public welfare. Likewise, in the business context, sustainability in business plays as an important factor that determines the value of the company, which will further determine the company's reputation.

With reference to the concept of [24], a sustainability issue in business is defined as a requirement for companies in managing resource-based businesses to enhance the value of sustainable companies. Sustainability is regarded as a new strategy for companies that are expected to meet the company's long-term goals [25]. In recent years, various corporate stakeholders have demanded companies to carry out sustainable development throughout the company's business supply chain [26] by inevitably considering a competitive advantage. In addition, sustainability also plays a vital role in the company's image and reputation [27].

In contrast, some previous studies have argued that the company's ongoing collaborative activities and interactions can create corporate value [28]. Collaborative interaction is encouraged through joint activities enabling business people to exchange and integrate their resources, to contribute, and to solve problems together [29]. These findings are in accordance with the types of companies such as cooperative business which have the characteristics namely "developed by and for the cooperative business members". Therefore, cooperative business is expected to have greater opportunities and achieve sustainable development in business.

## **2.2 Governance Mechanisms and Sustainability**

The implementation of good governance of cooperative business requires commitment, process and time. The process is not an instant effort, or a "momentary reaction". However, changes to cooperative good governance would adequately provide benefits. If cooperative organizations are managed in a healthy manner, it will create efficiency and effectiveness to achieve goals both in the short and the long term goals [30]. Sustainability has three objectives, including environmental, economic and social aspects. Among the three dimensions, environmental sustainability has received the greatest attention to date [27]. Sustainability connotes the three dimensions of economic, social and environmental [31]. Corporate governance has a significant role in directing the heterogeneity of sustainability disclosures provided by US and European companies [32]. Sustainability has four aspects, which convey social influence, environmental influence, organizational culture, and finance, which are able to support the mechanism of corporate governance from time to time [33]. However, [10] argued that there are no definite standards of governance mechanisms in a company to produce sustainability. In fact, each company has a different

internal governance exploration model for sustainability. Benefits associated with sustainable governance are expected to have a full impact on the exploration process.

## **2.3 Knowledge Management**

[34] pointed out that the improvement on the quality of human resources for knowledge management had been crucial in maintaining the quality of knowledge in the process of Knowledge Management System (KMS) as a basis for knowledge transfer, completing cooperative innovation. Knowledge-supported governance offers a conceptual basis for critical thinking about sustainability processes [35]. Governance based on knowledge management is beneficial to be directed and controlled in increasing strategic alignment, transparency and monitoring. [16] found out that governance based on knowledge management is believed to improve strategy alignment, transparency and monitoring in improving sustainability alignment.

## **3. METHOD**

This study utilizes qualitative research with Focus Group Discussion approach. The research setting was performed in Savings and Loans Cooperative and Unit in five districts of Malang City, which included: Blimbing, Kedungkadang, Klojen, Lowokwaru, and Sukun. Key informants in this study involved several cooperative stakeholders such as cooperative service staff, experts in the field of cooperative business, managers, and cooperative business members with the criteria of having experience in Savings and Loans Cooperative. Thus, it is expected that they could provide information and relevant data regarding informant responses which represented mechanism governance, knowledge management, sustainability, and reputation. Data analysis was carried out in three stages, which were literature study, content analysis based on literature studies, and focus group discussions with cooperative stakeholders on determining the dimensions and parameters of each dimension within internal governance, knowledge management, and sustainability.

## **4. RESULT**

At the first stage, this study compiled indicator framework by conducting a literature study from an international journal that has a variable measurement indicator statement. The details of referred journals are as follows:

**Table 1 Parameters of Internal Corporate Governance, Knowledge Management, and Sustainability Used by Previous Researches**

Name and Year	Title	Information
Corporate, A., Code, G., & Insurers, M. (2012).	Corporate Governance Questionnaire, Report on compliance in 2012. 1–33.	Internal Corporate Governance
Darroch, J. (2003).	Developing a measure of knowledge management behaviors and practices. <i>Journal of Knowledge management</i> , 7(5), 41–54.	Knowledge management
Martínez, P., & Rodríguez del Bosque, I. (2014).	Sustainability Dimensions: A Source to Enhance Corporate Reputation. <i>Corporate Reputation Review</i> , 17(4), 239–253.	Sustainability
Chun, R. (2005).	Corporate reputation: Meaning and measurement. <i>International Journal of Management Reviews</i> , 7(2), 91–109.	Reputation

At the second stage, this study conducted a content analysis to compile indicators based on indicators, which were applied by previous researchers (adjusted to the characteristics of cooperative businesses). Based on the results of the content analysis, this study obtained several main dimensions and

parameters for each internal governance, knowledge management, and sustainability variables. Following are the details of the arrangement of dimensions and indicators as the main parameters of the three variables as depicted in following Table 2:

**Table 2. Results of Content Analysis on Dimensions and Indicators of Internal Variables Corporate Governance**

Variable	Dimension	Indicator	Item
Governance Mechanism	Effectivity	Management Structure	<ul style="list-style-type: none"> <li>– Active members of cooperative business have skills and experience; thus, they can carry out their duties and responsibilities effectively.</li> <li>– Active members have the skills, experience, independence, and knowledge about cooperative business to carry out their duties and responsibilities effectively.</li> <li>– Active members are satisfied when able to complete difficult task and workload.</li> <li>– Active members are satisfied when the business is performed and accomplished according to the expected needs.</li> <li>– Active members are satisfied if the initial planning goes well despite the unexpected obstacles.</li> <li>– Active members are satisfied when the composition of supervisors is well managed without changing the initial plan.</li> <li>– Every four years, a change of cooperative organizational structure is carried out.</li> <li>– Active members are satisfied when deliberations are held to reach a mutual agreement.</li> </ul>
		Cooperative management requirements	<ul style="list-style-type: none"> <li>– Cooperative business has official, strict, and transparent procedures for the recruitment process.</li> <li>– Cooperative has clear criteria in the recruitment process.</li> <li>– Cooperative has supervisors who determine the process of selecting and appointing a management.</li> <li>– Requirements to become a cooperative manager are from the members of Cooperative.</li> <li>– Chairperson of Cooperative does not provide recommendations on the election of supervisors.</li> <li>– Chairman of Cooperative does not have the authority to elect the next chairman.</li> <li>– The selection of cooperative supervisors is in accordance with the roles and authorities determined by the management.</li> <li>– Cooperative supervisors evaluate the ability, knowledge, and experience of the board on a regular basis.</li> <li>– Cooperative does not have a re-election as long as the term of office is not over.</li> </ul>

			<ul style="list-style-type: none"> <li>- Cooperative's annual report does not contain the supervisor's work in terms of appointing the board.</li> </ul>
		Management commitments	<ul style="list-style-type: none"> <li>- Chairman of Cooperative has been able to allocate time to carry out his responsibilities towards the cooperative.</li> <li>- Cooperative supervisors prepare the chairman's acceptance specifications in accordance with the time commitment.</li> <li>- Chairman of cooperative is committed before the appointment.</li> <li>- Changes in the commitment of cooperative chairman are reported to the supervisor.</li> <li>- Terms and conditions for appointing the chairman of cooperative are available and transparently accessible at any time.</li> <li>- Letter of appointment of cooperative chairman establishes the expected time of commitment.</li> <li>- Chairman of cooperative promises to have time to fulfil responsibilities.</li> <li>- Supervisors are aware of the commitment of Chairman of cooperative before the appointment.</li> <li>- Supervisors can confirm the change in cooperative chairman's commitment.</li> <li>- Supervisors can find out about changes in cooperative chairman's commitment.</li> <li>- Supervisors confirm that there is no chairman who is the chairman of another cooperative</li> </ul>
		Development	<ul style="list-style-type: none"> <li>- Cooperative leaders ensure that employees continue to develop knowledge about cooperative to support employee performance.</li> <li>- Cooperative as a legal entity provides the resources as required, to develop and update the knowledge of cooperative members.</li> <li>- Cooperative officers have the right knowledge about cooperative so they can work effectively.</li> <li>- Cooperative officers get information on changes in members of cooperative structure through RAT (annual member meeting).</li> <li>- Cooperative leaders adjust training/relevant exposure activities to fulfil the needs of cooperative officers.</li> </ul>
		Information and support	<ul style="list-style-type: none"> <li>- Supervisors are provided with information about their duties promptly.</li> <li>- Chairperson is responsible for ensuring that the board has provided clear and timely information.</li> <li>- Chairperson has received accurate, clear, and timely information to carry out his duties.</li> <li>- Supervisor confirms the clarification or implication of the information.</li> <li>- Secretary of cooperative ensures the flow of information flow among the chairman, supervisor, and management of the cooperative.</li> <li>- Secretary holds the responsibility for facilitating and assisting the development in accordance with the direction of the chairman.</li> <li>- Secretary advises supervisors on cooperative governance issues.</li> <li>- Supervisors have established procedures for providing advice on costs incurred by cooperative.</li> <li>- Supervisors ensure the director can access professional advice at cooperative costs.</li> <li>- The committee is provided with sufficient resources to carry out its work.</li> <li>- Chairman has access to information to the secretary.</li> <li>- Secretary has the responsibility of ensuring that procedures are fulfilled.</li> <li>- Displacement of secretaries is arranged under the authority of cooperative supervisors.</li> </ul>
		Evaluation	<ul style="list-style-type: none"> <li>- Cooperative conducts annual formal evaluations through RAT (annual member meeting).</li> </ul>

			<ul style="list-style-type: none"> <li>– Cooperative can replace members if the results of the performance evaluation indicate the unexpected outcomes.</li> <li>– An annual report submitted during RAT (Annual member meeting) also provides an evaluation for the performance of all cooperative employees.</li> </ul>
		Re-election	<ul style="list-style-type: none"> <li>– Chairman of cooperative can be re-elected periodically according to performance.</li> <li>– Cooperative holds a meeting to elect a new chairman.</li> <li>– Cooperative can re-elect the chairman due to the unexpected performance.</li> </ul>
		Constructive utilization of RAT (Annual member meeting)	<ul style="list-style-type: none"> <li>– Supervisors take benefit from cooperative’s annual meeting to communicate with members.</li> <li>– Chairman of cooperative arranges an annual meeting to play an active role.</li> <li>– Cooperative sends a meeting invitation well in advance of the meeting.</li> </ul>
	Shared Leadership	Empowerment	<ul style="list-style-type: none"> <li>– Cooperative management and cooperative members have good cooperative.</li> <li>– All levels of cooperative often discuss the achievement of organizational goals.</li> </ul>
		Social Support	<ul style="list-style-type: none"> <li>– Cooperative members have concern between individuals and groups.</li> <li>– Cooperative members have a high sense of trust with other members.</li> </ul>
		Vote	<ul style="list-style-type: none"> <li>– Cooperative members are encouraged to communicatively argue in order to support cooperative programs that have been mutually agreed.</li> <li>– At each meeting, cooperative members are free to speak up for the sake of advance in the development of cooperative.</li> </ul>

Based on Table 2, it is apparent that the Internal Corporate Governance variable has three dimensions, which include effectiveness, relations among cooperative members, and shared leadership. In the first dimension, effectiveness consists of the composition of the board, commitment as a member of cooperative, development, information, support, and evaluation. In the second dimension, relationships among cooperative members consist of dialogue with cooperative members and constructive utilization of RAT (annual

member meeting). In the third dimension, shared leadership consists of empowerment, social support, and vote.

The results of content analysis of knowledge management variables presented several dimensions and indicators as parameters of knowledge management. A detailed explanation for the determination of dimensions and indicators of knowledge management variables is presented in the following table 3.

**Table 3. Results of Content Analysis on Dimensions and Variable Indicators Knowledge Management**

<b>Variable</b>	<b>Dimension</b>	<b>Indicator</b>	<b>Item</b>
Knowledge Management	Knowledge Acquisition	Knowledge of Cooperative Principles	<ul style="list-style-type: none"> <li>– Cooperative Business conducts a regular performance evaluation of cooperative members through a fair mechanism.</li> <li>– Cooperative Business provides the opportunity for cooperative members to participate in certification training for cooperative needs.</li> <li>– Cooperative Business conducts regular work meetings with the participants under the direction of manager and person in charge (group leader).</li> <li>– Cooperative Business creates a sense of ownership by encouraging cooperative members to build a business through a cooperative business entity.</li> <li>– Cooperative Business conducts an assessment through the discussion about the needs of cooperative members.</li> <li>– The board periodically provides feedback to staff/officer and other cooperative members about personal feeling related to work.</li> <li>– Cooperative Business organizes education for cooperative members to devote effective contributions to the development of cooperative.</li> <li>– Cooperative Business provides the most effective services to members and strengthens cooperative movement.</li> <li>– Cooperative Business upholds the principle of democracy in reaching a mutual agreement with cooperative members.</li> </ul>

		Cooperative is well managed in terms of its financial statements	<ul style="list-style-type: none"> <li>- The Cooperative certainly understands the burden of production costs (products and services).</li> <li>- The Cooperative can find out the cost of service from consumers.</li> <li>- The Cooperative Business has good financial information for financial decision making.</li> <li>- The Cooperative Business periodically analyzes the contributions in the production and service sectors.</li> </ul>
		Cooperative is responsive and/or sensitive to market share information	<ul style="list-style-type: none"> <li>- Product development is dominantly due to real market needs rather than internal political conditions.</li> <li>- The Cooperative Business is responsive in detecting changes in consumer choices.</li> <li>- The Cooperative Business has information related to competitors operating in the same field.</li> </ul>
		Technology	<ul style="list-style-type: none"> <li>- The Cooperative Business members have the ability in the economic, social, cultural, and technological fields.</li> </ul>
		Cooperative Partnership	<ul style="list-style-type: none"> <li>- The Cooperative Business as a media partnership with the university</li> <li>- The Cooperative Business as a media partnership with the government</li> <li>- The Cooperative Business as a media partnership with the SMEs</li> <li>- The Cooperative Business as a medium for empowerment for individuals who want to join as members of the cooperative</li> <li>- The Cooperative Business obtains ideas/insights/new knowledge by partnering to improve the development of cooperative.</li> </ul>
	Knowledge Dissemination	Marketing Information Delivery	<ul style="list-style-type: none"> <li>- The Cooperative Business has information on products sold to meet consumer needs.</li> <li>- The Cooperative Business marketing information is easily understood from the types of cooperative.</li> </ul>
		Performance Achievement	<ul style="list-style-type: none"> <li>- The Cooperative Business often conducts self-evaluations to find out which parts of the business are running well and which are not.</li> <li>- The Cooperative Business applies a jointly borne work.</li> </ul>
		Technique Delivery	<ul style="list-style-type: none"> <li>- The Cooperative Business supports a mentoring program.</li> <li>- Cooperative supports a training program.</li> </ul>
		Technology Delivery	<ul style="list-style-type: none"> <li>- The Cooperative Business engages the communication media in the form of WhatsApp in routine activities.</li> <li>- The Cooperative Business involves newspaper media in the form of brochures to inform audiences about the products being sold.</li> </ul>
	Knowledge Dissemination	Customer Response	<ul style="list-style-type: none"> <li>- The Cooperative Business quickly responds when received opinion or suggestion from consumers.</li> <li>- The Cooperative Business provides good services for consumers.</li> <li>- The Cooperative Business creates innovations in accordance with consumer needs.</li> <li>- The Cooperative Business shall be responsive in responding to problems that occur to employees.</li> </ul>
		Marketing Function Response	<ul style="list-style-type: none"> <li>- The Cooperative Business prioritizes the development of market conditions rather than technological advancements.</li> <li>- The Cooperative Business is capable of implementing marketing plans effectively.</li> <li>- The Cooperative Business always carries out cost management to increase sales activities.</li> <li>- The Cooperative Business attempts to improve cost management.</li> </ul>
		Technology Response	<ul style="list-style-type: none"> <li>- The Cooperative Business is always looking for information related to technological developments to improve business ventures.</li> <li>- Technological developments can affect cooperative businesses quickly.</li> <li>- The Cooperative Business periodically reviews the impact of technological change on consumers.</li> <li>- The Cooperative Business is responsive towards the information on technological change.</li> </ul>

		Competitor Response	<ul style="list-style-type: none"> <li>– The Cooperative Business quickly understands its competitors' information for the organization's needs.</li> <li>– The Cooperative Business is responsive in implementing market strategies in order to compete with other competitors.</li> <li>– The Cooperative Business immediately takes action when its consumers are interested in the cooperative products.</li> <li>– The Cooperative Business is responsive to anticipate changes in consumer needs.</li> </ul>
		Organizations are flexible and take advantage of opportunities	<ul style="list-style-type: none"> <li>– The Cooperative Business periodically changes the operational stages.</li> <li>– The Cooperative Business periodically adapts to changes to the service strategy.</li> <li>– The Cooperative Business periodically adds and or reduces products and services following consumer needs.</li> <li>– The Cooperative Business periodically creates changes in the marketing strategy</li> </ul>

The results of the content analysis in Table 3 indicate that the Knowledge Management variable has three dimensions, which include Knowledge Acquisition, Knowledge Dissemination, and Responsiveness to Knowledge. In the first dimension, Knowledge Acquisition consists of knowledge regarding the principles of cooperative, in which cooperative are well managed in terms of its financial reporting, cooperative responsive and/or sensitivity to market share information, technology, and cooperative partnerships. In the second dimension, Knowledge Dissemination consists of delivering marketing information, delivering work, delivering engineering, and

delivering technology. Lastly, the third dimension consist of responsiveness to knowledge consists of responsiveness to consumers, responsiveness to marketing functions, responsiveness to technology, responsiveness to competitors, responsiveness to organizational flexibility, and responsiveness to take advantage of business opportunities.

Furthermore, the results of the content analysis study on the sustainability variable obtained several dimensions and indicators as parameters of the sustainability variable. A detailed explanation for determining the dimensions and indicators of the sustainability variable is presented in the following Table 4.

**Table 4. Results of Content Analysis on Dimensions and Indicators on Sustainability Variable**

<b>Variable</b>	<b>Dimension</b>	<b>Item</b>
Sustainability	Economic Dimension	<ul style="list-style-type: none"> <li>– The Cooperative Business always refers to achieving profit targets.</li> <li>– The Cooperative Business is always oriented towards improving financial performance.</li> <li>– The Cooperative Business always establishes its strategic plans based on activities that lead to the achievement of long-term goals.</li> </ul>
	Social Dimension	<ul style="list-style-type: none"> <li>– The Cooperative Business has a strong commitment to improving the welfare of members and the community.</li> <li>– The Cooperative Business always participates in social-economic activities.</li> <li>– The Cooperative Business always enables all cooperative stakeholders to access and interact with the community.</li> <li>– The Cooperative Business always gives fair treatment to its workers.</li> <li>– The Cooperative Business always provides salary-based performance increases/bonuses.</li> <li>– The Cooperative Business always provides solutions to problems faced by the community.</li> </ul>
	Environmental Dimension	<ul style="list-style-type: none"> <li>– The Cooperative Business always takes care of the environment within its operational activities.</li> <li>– The Cooperative Business always carries out social responsibility in the community.</li> <li>– The Cooperative Business always carries out socialization related to environmentally friendly.</li> </ul>

The results of the content analysis in Table 4 apparently depict that the sustainability variable has 3 dimensions, which include: Social, Economy, and Environment. The first dimension is the economic dimension which consists of Achieving Target Profits, Improving Financial Performance, Achieving long-term targets. The second dimension is the Social dimension which consists of several items such as commitments to increase the welfare of members and the community, participation in social-economic activities, providing easy economic access for community, providing fair treatment, provision of salary-based performance improvements, and provision of solutions to social problems in the community. The third dimension is the environmental dimension which consists of protecting the environment, carrying out social responsibility, and socialization related to environmentally friendly. At the third stage, the researchers conducted focus group discussions with stakeholders to ensure the validity of the parameters which have been obtained from the results of the second stage. The results of the focus group discussion generated an agreement that these parameters are utilized as parameters for measuring internal governance variables, knowledge management, and sustainability in cooperative-related studies

## 5. CONCLUSION

In conclusion, good governance mechanisms require effectiveness in the form of commitment, development, and evaluation. Relations among members involve a culture of involvement, consistency, adaptation, vision and mission of cooperative Business, as well as an opinion (in the form of voting) and empowerment.

The findings in knowledge management are in line with [36], which explained that knowledge management consists of knowledge acquisition, knowledge dissemination, and responsiveness to knowledge. Firstly, Knowledge acquisition is formed by the knowledge of Cooperative Business principles, knowledge of Cooperative financial management, Cooperative partnerships, and technology. Secondly, knowledge dissemination is formed through the delivery of marketing information, online submission, and the delivery of management techniques. Lastly, responsiveness to knowledge is formed by the existence of flexible organizations, organizations that take advantage of opportunities, organizations that are responsive to consumer needs, and respond to healthy competition.

In terms of sustainability, the findings are in line with the research of [27], which explained that sustainability had been based on economic and social aspects. The parameters for internal governance, knowledge management, and sustainability obtained from this study were produced based on cooperative stakeholders. Thus, it is expected that the results of this study are beneficial as a reference for subsequent researchers as a measurement tool in assessing the reliability of internal governance, knowledge management variables, and sustainability

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