

# The Effect of Cooperative Partnerships and Participation of Dairy Farmers on Performance of the Agroniaga Jabung Cooperation

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## ABSTRACT

Dairy cattle are one of the livestock commodities that have a promising opportunity to make a profit. In Indonesia, many dairy farmers join milk cooperatives to market their fresh milk products. The partnership between dairy farmers and dairy cooperatives is very helpful for farmers in the process of management, maintenance, and marketing. The purpose of this study was to determine the effect of cooperative partnerships and dairy farmer participation on the performance of the Agroniaga Jabung Cooperation. This research method is carried out by distributing questionnaires to 80 farmers as research respondents in Kemiri village who is an active member of the Agroniaga Jabung Cooperation. The research variable X1 is a cooperative partnership (capital assistance, Farmer Training & Coaching Assistance, Supervision assistance, Marketing assistance). Variable X2 farmer participation (participant activities, livestock raising, and sales). Variable Y Cooperative Performance (improving the quality of farmers, globally oriented and environmentally friendly, following the development of science and technology, implementing sustainable community empowerment). The data obtained will be analyzed with multiple linear regression by SPSS. The results showed that the significance value of the Cooperative Partnership (X1) = 0.017, and the significance value of Dairy Farmer Participation (X2) = 0.000. The value of R square = 0.380 indicates the contribution of Cooperative Partnership (X1) and Farmer Participation (X2) toward Cooperative Performance (Y1) = 38%, and the remaining 62% is the contribution of other variables that not included in this study. The conclusion of this study is that cooperative partnership and dairy farmer participation has a significant effect on the performance of the Jabung Agroniaga cooperative.

**Keywords:** Cooperative partnership, dairy farmer participation, cooperative performance.

## 1. INTRODUCTION

Dairy cooperatives in Indonesia have the potential to help farmers in terms of marketing fresh milk, counselling, calf, animal health, providing feed, and saving and loan units. To increase the development of dairy cattle agribusiness, it can be done by increasing the business scale and the ability to produce milk [1]. Dairy cooperatives can carry out business diversification in their institutions, such as having

business units for animal feed processing, supermarkets, savings and loans, milk production processing. By diversifying their business, cooperatives can increase income for cooperative members, especially for dairy farmers. One of the business diversification activities that are often encountered is the processing of fresh milk into dairy products such as pasteurized milk, yogurt, and cheese. This is made because the product can still be purchased by all consumers' levels. But unfortunately, not all dairy cooperatives have a

complete business unit. Business units owned by cooperatives help the progress of cooperatives and their farmers. [2] stated that one of the alternative strategies to develop milk production cooperatives is to diversify dairy products, improve technology and develop healthy partnerships.

Kemiri Village is one of the villages in the Jabung District with the highest amount of milk production compared to other villages in the Jabung area. Most of the farmers in Kemiri Village join the Jabung Agroniaga Cooperative. Many benefits are obtained from cooperatives, especially the assistance from cooperatives for farmers related to dairy cattle livestock raising. Milk production that qualified with the standards is distributed to the Agroniaga Jabung Cooperation. The Agroniaga Jabung Cooperation is one of the largest milk-producing cooperatives in the Malang area which has been awarded as the National Best Producer Cooperative in 2007 & 2013. Dairy cooperatives can assist farmers in the milk marketing process and provide capital assistance [3]. Based on the description above, the purpose of this study is to determine the effect of cooperative partnerships and farmer participation toward the performance of Agroniaga Jabung Cooperation, Jabung Subdistrict, Malang District.

**2. MATERIALS AND METHODS**

This research was conducted in Kemiri Village, Jabung Subdistrict, Malang District. The sampling technique used in this study is purposive sampling [4], where the sample used is farmers in Kemiri Village who are active members of the Jabung Agroniaga Cooperative. The sample used was 80 dairy farmers with at least 2 lactating cows. This study uses a quantitative approach carried out with the methods of observation, interviews, questionnaires, and documentation. The questionnaire is in the form of

written questions submitted to farmers. The variables observed were cooperative partnerships, farmer participation, and cooperative performance. The indicators measured can be seen in Table 1 below. The data obtained will be analysed using multiple linear regression analysis by the SPSS application. Statistical analysis using multiple linear regression analysis that is:

$$Y = a + bx_1 + bx_2 + e, \text{ where:}$$

Y = Cooperative Performance

a = constanta

b = coefficient

x1 = Cooperative Partnerships

x2 = Dairy Farmer Participation.

**3. RESULTS AND DISCUSSION**

**3.1. The Effect of Cooperative Partnerships on Cooperative Performance**

Based on table 3 above, the significance value of the Cooperative Partnership (X1) = 0.017 shows that the cooperative partnership has a significant effect on the cooperative performance. The cooperative partnership strategy that has been carried out by Agroniaga Jabung cooperative is in the form of capital assistance, training and coaching assistance, supervision assistance, and marketing assistance. Capital assistance is provided to farmers to purchase feed and calf at the cooperatives. Training and coaching assistance related to the processing of waste produced by dairy cows into compost. Waste treatment training is very useful for farmers; besides being able to reduce the pollution of waste, it can also increase the income of farmers even though the value is still small. There is an increase in the quality and quantity of the partnership activities of the Agroniaga Jabung cooperative, where training and

**Table 1.** Research Instrument

Variable	Indicator	Scale
Cooperative Partnerships (X1)	a. Capital Assistance b. Farmer Training & Coaching Assistance c. Supervision Assistance d. Marketing Assistance	Likert
Dairy Farmer Participation (X2)	a. Farmer Activities b. Livestock raising c. Sales	Likert
Cooperative Performance (Y)	a. Improving the quality of farmers b. Globally oriented and environmentally friendly c. Keeping up with the development of science and technology d. Implement sustainable community empowerment	Likert

coaching activities for farmers were previously considered very minimal due to the small number of officers to serve all members of the cooperative. [5] state that the frequency of counselling provided by Agroniaga Jabung cooperative to farmers is still very small. This is because the number of counselling workers is only 5 people for 1,600 farmers, resulting in uneven distribution of information on new matters related to livestock raising management to farmers.

Dairy farming agribusiness in Musuk District using a strategy of providing counselling by cooperatives regarding the development of livestock science and technology and the importance of good nutrition for dairy cattle, and farmers who join the Musuk KUD still manage their farms traditionally, so the support from the Musuk KUD as a partner is still very much needed by the farmers [6].

### **3.2. The Effect of Farmer Participation on Cooperative Performance**

Based on table 3 above, the significance value of Farmer Participation ( $X_2$ ) = 0.000. This shows that the participation of farmers has a significant effect on cooperative performance. The direct participation of farmers has a positive effect on cooperative

performance. This is because the activities of the farmers as members of the Agroniaga Jabung cooperative provide positive contributions such as the friendliness of the savings and loan process carried out by the farmers. Farmers who are members of the Agroniaga Jabung cooperative are required to buy concentrated feed and sell their milk to the Agroniaga Cooperative. Of course, the quality of milk received is the quality of milk in accordance with the standards set by the Agroniaga cooperative. [7] said that most of the farmers who joined cooperatives assessed that the performance of milk producers in the form of milk marketing, financing, consulting, and education/training was very good. The research samples were farmers in East Java who joined KUTT Suka Makmur and KPSP Setiakawan Nongkojajar and farmers in West Java who joined KPBS Pangalengan and KPSBU Lembang.

Based on the SWOT analysis conducted by [8] said that strategies to improve the performance of dairy cooperatives that must be carried out are (1) increasing the productivity of business units on an economic scale by utilizing government loans and GKSI support, (2) increasing members' awareness of cooperatives through skill development and strengthening the function of livestock groups.

**Table 2.** Identity of Respondents

No	Aspect	Number (person)	Percentage (%)
1.	Age		
	a. 20-45 year	57	71.25
	b. 45-60 year	23	28.75
2.	Gender		
	a. Man	67	83.75
	b. Woman	13	16.25
3.	Members of Family		
	a. 1-3 person	5	6.25
	b. 4-6 person	67	83.75
	c. >6 person	8	10.00
4.	Education Level		
	a. No educational school, Elementary School, Junior High	52	65.00
	b. SMA	26	32.50
	c. D3/S1	2	2.50
5.	Farming Experience		
	a. ≤ 5 years	20	25.00
	b. 6-10 years	42	52.50
	c. ≥ 10 years	18	22.50
6.	Total Lactation Cow Ownership		
	a. <4 cows	10	12.50
	b. 4-6 cows	70	87.50

Source: Primary Data Processed (2021)

**Table 3.** Results of Multiple Linear Regression Analysis

Variable	Regression Coefficient	Significance
Constanta	0.479	
Cooperative Partnerships (X1)	0.260	0.017
Dairy Farmer Participation (X2)	0.437	0.000
Koefisien Regresi	0.380	

Source: Primary Data Processed (2021)

### 3.3. The Simultaneous Effect of Cooperative Partnership and Farmer Participation on Cooperative Performance

Based on table 3 above, the value of R square = 0,380 shows the contribution of the effect of Cooperative Partnership (X1) and Farmer Participation (X2) toward Cooperative Performance (Y1) = 38%, and the remaining 62% is the contribution of other variables not included in this study. The partnership aims to provide benefits for both farmers and cooperatives. Farmers always follow the direction of the cooperative for the process of raising livestock, selling milk, and processing waste.

The research on dairy cooperatives in Kericho Regency said that the management of dairy farms is still traditional so the income of dairy farmers is not maximized, 61.2% of farmer respondents said that the performance of dairy cooperatives is still not optimal in developing and running cooperatives because of the lack of competence of cooperative leaders [9].

## 4. CONCLUSION

Based on the results of the study, it shows that cooperative partnerships and farmer participation affect the performance of the Agroniaga Jabung cooperative.

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