



# Cooperative Model Based on Business Innovation of Local Wisdom in Increasing Economic

Wiwin Setianingsih<sup>(✉)</sup>, Nurdiana Mulyatini, Elin Herlina, Mukhtar Abdul Kader, and Lia Yulia

Fakultas Ekonomi Universitas Galuh Ciamis, Bandung, Jawa Barat, Indonesia  
wiwinsetianingsih122@gmail.com, elinherlina@unigal.ac.id

**Abstract.** The economy of a region has entered a new phase where the sources of competitive advantage have changed. The advantages of an economy are not only derived from technology and resources. One of the sources of competitive advantage is the existence of business innovation by promoting local wisdom. Local wisdom is the result of interaction between the community and the environment, thus it is hoped that it can help the community itself. Local wisdom becomes the core of efforts to improve the economy of a region. However, the existence of cooperatives is decreasing, which is influenced by internal and external factors of the cooperative itself. Cooperatives are part of the economy and must further improve competitiveness by conducting business innovations. Competitive advantage based on business innovation should be prioritized because it has a long life and durability. The specific objective of this research is to obtain a cooperative model based on local wisdom business innovation. The data source of this research is the cooperative selected purposively and referred to by the local Cooperative Office. The method used is phenomenology, data were collected using literature study and field studies (observation, interviews, documentation), qualitative data analysis techniques. The results of this study with the discovery of a cooperative model based on business innovation. Local wisdom is expected to be applied by other cooperatives so that cooperatives can be more developed, healthy in management so that they can improve the regional economy.

**Keywords:** Cooperative Development · Business Innovation · Local Wisdom · Cooperative Model

## 1 Introduction

Local wisdom has been very much discussed lately. Discussions about local wisdom are often associated with local communities and with varying meanings. Indonesia is known as a country that has the characteristics of a plural and complex culture. As an archipelago, Indonesia has cultural diversity which can be used as a strength for community development based on local wisdom. Local wisdom itself refers to the values in society and the balance of nature. Local wisdom is the noble values that apply in the

order of community life to, among others, protect and manage the environment in a sustainable manner [1]. The values in local wisdom become the main capital in building the community's economy without destroying the social order with the natural environment. The development of the local community's economic environment cannot be separated from non-governmental social institutions that directly intersect with their productive economic activities. Rural communities should explore their culture in strengthening their economic resources for the development of community development [2]. Cooperatives are an economic pillar. However, the existence of cooperatives from time to time the number of active cooperatives is decreasing, one of the factors is that they are not able to compete with competitors that are starting to emerge. One of the failures of cooperatives comes from external factors such as the existence of other business entities as competitors [3].

Cooperatives are part of the economy and should be able to increase competitiveness by doing business innovation by prioritizing local wisdom. In line with the problem above, the researcher considers it necessary to conduct research regarding the existence of cooperatives in Ciamis Regency, West Java. The focus of research is emphasized on efforts to improve the function and role of cooperatives as the pillars of Indonesian economy in improving the welfare of members based on business innovation based on local wisdom. In line with this, the research problem to be examined will be centered on a survey study on how the cooperative model makes a number of efforts to maintain and develop businesses in the future. The specific objective of this research is to obtain a cooperative model based on local wisdom business. It is hoped that through this cooperative model by prioritizing local wisdom it will be more developed in the development of cooperative businesses so that they can improve the community's economy.

## 2 Theoretical Review

Every culture has values that are recognized and upheld by that society. In a series of cultural processes, these values are built, extracted and tested, so that in the life side of the community the owner of the culture has become a guide and solution for solving problems [4]. This is evidenced by its contribution to the development of harmonization of the socio-cultural life of the community, whether related to the relationship between humans, fellow creatures, with nature, and with God. Cooperatives are a pillar of the nation's economy so that they are the right choice for the community in improving the welfare of their families and groups. In terms of historical aspects, the cooperative at the beginning of its establishment had the aim of being able to meet the life needs of its members and become a forum to empower its members. Therefore, cooperatives can be used as a place for members to build an economy that can increase the level of welfare and increase the standard of living. In connection with this, a number of recent facts show that the values of local wisdom have been abandoned and are not understood by many groups. In a sustainable condition, such reality will result in the loss of identity, locality and Indonesian character. In view of this fact, it is deemed necessary to make efforts to actualize local wisdom values in modern aspects of life.

The era of the Industrial Revolution 4.0 had an impact on economic development. Cooperatives as an economy are also the pillars of economics and a pillar of development

in the economic sector. A cooperative is a pillar of a community economic institution in increasing the welfare level of the family and its members [5]. One of the priorities of the industrial revolution is changing rapidly through the empowerment and development of cooperatives based on business innovation. The constraints of cooperative actors range from capital, managerial skills, human resources, to the use of technology and information. The initial aim of the cooperative was to be able to improve the welfare of its members, this proves that cooperatives have a very important role in improving the welfare of their members. [6–9].

A cooperative that is able to survive and is able to operate in various situations and conditions is only a cooperative that can see the superiority of community habits or local wisdom, from that habit it becomes an opportunity for the cooperative itself. The values in local wisdom become the main capital in building the community's economy without destroying the social order with the natural environment. The development of the local community's economic environment cannot be separated from non-governmental social institutions that directly intersect with their productive economic activities. Rural communities themselves must explore culture in strengthening their economic resources for the development of community development [2]. An increase in community culture is very influential on the level of income and welfare for environmental development [10]. On the other hand, in its activities, cooperatives are focused on community participation (especially women's empowerment) who have middle and lower family economic levels by looking at the potential and opportunities that exist in the surrounding community, starting from planning, implementation, evaluation to taking benefits [11]. Employment can increase the family economy.

The survival of the cooperative is also formed by the existence of good communication and cooperation between the cooperative and its members which is mutually beneficial to both parties, for example, savings and loans. This shows the positive influence between control environment variables and communication information on the smooth repayment of credit loans so that cooperatives avoid bad credit and maintain cooperative sustainability [12]. Besides that, it must also be supported by the ability in human resources to manage cooperatives in developing cooperatives. One is related to the weaknesses of cooperatives with respect to the management and quality of the human resources themselves to support the improvement of the performance of cooperative employees [13]. One of the external factors that can maintain the survival of a cooperative is to innovate both in different types of business and in other matters so that it is able to compete with competitors that are starting to emerge, the existence of other business entities such as the existence of minimarkets that have sprung up greatly affects the income of small and medium enterprises. And cooperatives [14] the development of various types of businesses is an important factor for the success of a cooperative [15]. If there is less creativity in business development or innovation in business, it will cause many cooperatives to be no longer active [16]. In developing the type of cooperative business that is no less important, namely how to promote and market strategies so that the sustainability and development of a cooperative is maintained [17]. Others who concluded that product marketing is the main factor that can maintain the existence of cooperatives [18]. No less important in maintaining and developing cooperatives is by establishing a model. One of the studies on the application of a new model in developing

cooperatives is that integrating entrepreneurial theory has an impact on the modification of cooperative programs themselves [19].

### 3 Method

The research method used in this research is the phenomenological research method. This method is a method used to examine the phenomena that occur today [20]. The phenomenon referred to is anything related to the existence of cooperatives, cooperative management, cooperative defense strategies, and cooperative business development strategies. Data collection is literature study and field study (observation, interview, documentation), technical qualitative data analysis. Respondents in this study were 4 cooperatives referred by the local cooperative agency and selected purposively based on considerations of existence, type of cooperative and business sector. The cooperatives are the tofu and tempe cooperative (Kopti), the handicraft cooperative, the fishermen cooperative, and the farmer cooperative.

### 4 Results and Discussion

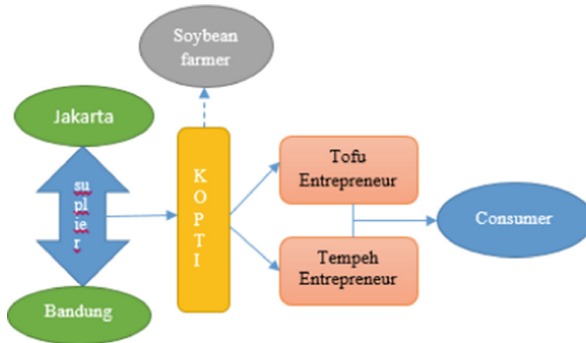
#### 1. Kopti (Indonesian Tempe Tofu Producers Cooperative)

KOPTI stands for Indonesian Tempe Tofu Producers Cooperative. KOPTI in Ciamis Regency having its address at Jalan Raya Bangawit No. 350 was established on July 13, 1998 with a Legal Entity Number 7274 B BH / PAD / KWK.10 / VII / 1998, the current number of members is 163 people, including 145 tofu craftsmen and 18 temp craftsmen. The vision of KOPTI is based on kinship, and mutual cooperation with the mission of developing the welfare of members in particular and the progress of work areas in general in order to promote the implementation of a just and prosperous society based on Pancasila. KOPTI is engaged only in the supply of raw materials in the form of soybeans as the main raw material for making tofu and tempeh. In the supply of raw materials for KOPTI Ciamis, a source of suppliers is obtained, namely direct from Bandung as the provincial branch, Jakarta as the center and soybean farmers in the Ciamis district as an alternative when the supply from the branch and the center is experiencing problems. This cooperative issues approximately 150 to 200 tons of soybeans per month to tofu and tempeh producers according to orders.

Seeing the high consumption needs of the Ciamis people for tofu and tempe products and quite a lot of tofu and tempe entrepreneurs but unable to provide raw materials tofu quickly and in large quantities, for these conditions KOPTI is here as a solution to these problems and appears as a distribution and provider of ingredients standard for tofu and tempe entrepreneurs in Ciamis district (Fig. 1).

The problems faced by Kopti:

- a. Soybean raw materials controlled by importers
- b. Price games carried out by importers
- c. Dependence on soybeans from importers



**Fig. 1.** Tofu and Tempe Cooperative Model (Kopti)



**Fig. 2.** Craft Cooperative Model (Kopwan Kartini)

- d. The supply of soybeans from local farmers has received little attention
- e. Superior varieties are not developed
- f. Waste

## 2. Craft Cooperative (Kopwan Kartini)

Kopwan (Koperasi Wanita Kartini) having its address at Jalan Majalaya No 19 RT 04 RW 05 Imbanagara Ciamis. Kopwan was founded on January 13, 2017 with Legal Entity number 01 / BH / XIII.6 / BH / KUKM / 2012, the current number of members is 160 women. The vision of this cooperative is to increase opportunities among those who are wasted with the mission of maintaining a clean environment, empowering women and improving the community's economy. This cooperative is engaged in the craft of utilizing plastic waste. In this cooperative activity, it is focused on community participation (women's empowerment) whose family's economic level is middle to lower. It is hoped that the employment opportunities can increase the family economy. In the procurement of raw materials (plastic waste) the Women's Cooperative gets it from collectors, buys it and stores it in the cooperative's waste bank. After that, waste sorting is carried out and washing. The members of this cooperative are given guidance and training in making crafts until they are skillful so that they are able to produce products. The products are in the form of mats, baskets, flower vases, plates, fruit baskets and so on. These products are sold through cooperatives or exhibitions held by the Ministry of Industry and Trade. From product sales, it is expected to increase the standard of living from an economic point of view. The proceeds from the handicraft sale can be received in the form of money or in exchange for the groceries that the handicraft cooperative has prepared (Fig. 2).



**Fig. 3.** Karya Tani Cooperative Model

### 3. Karya Tani Cooperative

Koperasi Karya Tani is located at Sukaraharja Hamlet RT 01 RW 01 Danasari Cisaga Ciamis Village. The Karya Tani Cooperative was founded on June 30, 2015 with Legal Entity number 13 /BH /XIII.6 / Koperindag / 2015, the current number of members is 161 people. All members of this cooperative work as farmers. The cooperative is currently changing functions and is engaged in savings and loans provided to its members and this loan is only given specifically to meet purchasing needs related to agricultural needs, (fertilizers, seeds). Loan repayment system in installments within a certain time with a fairly low interest rate (Fig. 3).

### 4. Fishermen's Cooperative

Mina Cooperative is a cooperative that operates in the fisheries sector. The existence of the Mina Cooperative is expected to help fishermen and fish cultivators in their working areas to increase income through increasing production and productivity, expanding job opportunities, improving the marketing of fishery products in accordance with development objectives. Minasari Pangandaran Cooperative was established on January 2, 1962, with the name at that time was Minasari Marine Fisheries Cooperative (KPL). The beginning of the establishment of the Marine Fisheries Cooperative (KPL), namely because the local population often experiences prolonged difficulties, such as difficulty in marketing the fish they catch, difficulty in fulfilling the need for fishing gear, uncertain or uncertain fish prices, and the increasing number of loan sharks. Which is very detrimental to the lives of fishermen. This very concerning situation, in fact, invited local leaders to improve the standard of living of the population to a better and more prosperous direction. So with the establishment of KPL Minasari, the difficulties experienced can be gradually resolved. Along with this, KPL Minasari began to develop rapidly and its members were increasing every year. Initially the KPL working area was only along the Pangandaran coast. After developing the KPL business into a cooperative with the name Koperasi Nelayan Minasari on August 10, 1977 with Legal Entity No.2074.A / BH / DK-10/24, the fishing cooperative working area became two Kewadanan, namely (1) Kewadanan Pangandaran and (2) Kewadanan Cijulang. KOPERASI fishermen changed to Koperasi Mina "Minasari" on May 23, 1996 with Legal Entity No. 2074 / BH / PAD / KDK-10- 16 / XI / 2000 the number of members currently is 714 people. The Minasari Cooperative has a two-story office with a building area of 225m<sup>2</sup> and is in the Pangandaran beach tourism area so that by looking at the opportunities and potentials that exist, this Minasari cooperative develops its type of business, namely commercial units, restaurants, inns, fish auction places and mini markets (Fig. 4).

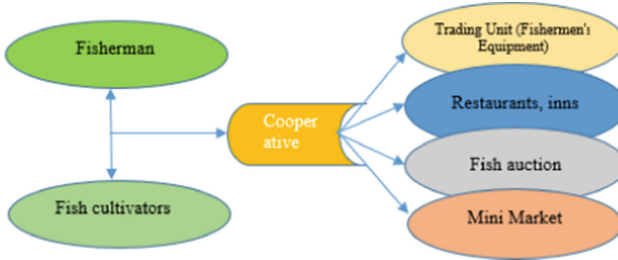


Fig. 4. Fisherman Cooperative Model

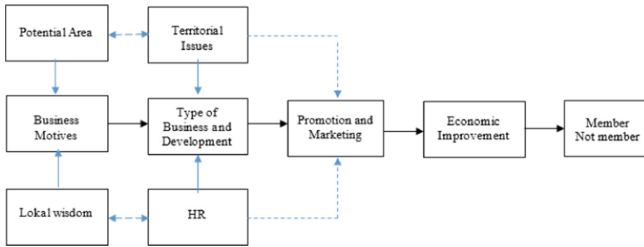


Fig. 5. Cooperative model based on local wisdom business innovation

### 5 Conclusions and Recommendations

Based on the research conducted, it was found that different cooperative models were adjusted to the type and field of cooperative business. Of the four cooperative models studied, if the researchers mix in general, then a cooperative model based on local wisdom business innovation is obtained as follows: (Fig. 5).

From the results and discussion above, it can be concluded that:

1. Local wisdom has a role in cooperatives

In developing cooperative businesses, if local wisdom is put forward this will have a very important role. Because cooperatives stand on the basis of community needs by seeing the potential of the region as an opportunity to advance the economy of a region.

2. The potential of an area is an economic opportunity that affects the role of a cooperative

Being able to see the existing potential according to market demands requires cooperatives to innovate in developing their business by analyzing the weaknesses, strengths, opportunities and surrounding threats.

3. Business type innovation

One form of maintaining the sustainability of a cooperative is through business type innovation.

#### 4. Local wisdom plays a role in the economic development of a region

Developing a cooperative business based on business innovation, local wisdom, balanced with technology, has resulted in the cooperative being able to survive, develop and be more advanced so as to result in an increase in the economy of a region.

#### 5. HR plays an important role in the development of cooperatives

Having quality, superior and globally competitive human resources because HR is an actor or subject who manages and develops a cooperative business.

#### 6. Information and communication technology

Globalization is marked by the era of digitalization that cannot be separated from the internet. Utilizing technology in the management, management, promotion and marketing strategies of cooperatives, for example, online media facilities, creating websites and social media.

#### 7. Able to face the challenges of change

Able to respond quickly to changes that occur in the environment both internally and externally.

## References

1. Undang-Undang Republik Indonesia Nomor 32 Tahun 2009 Tentang Perlindungan Dan Pengelolaan Lingkungan Hidup
2. Lepp, A. 2007. Residents' attitudes towards tourism in Bigodi village, Uganda. *Tourism Management*, 28, 876e885
3. Kadir, H. dan Yusuf, Y. (2012) Optimalisasi Pengaruh dan Eksistensi Koperasi Sebagai Soko Guru Perekonomian Daerah. *Jurnal Ekonomi*. 20 (3). 1 – 9.
4. Pasaribu, Rowland B.F. (2016). "Kebudayaan dan Masyarakat". Tersedia secara online di: [http:// eprints.dinus.ac.id/14516/1/\[Materi\]\\_Bab\\_04\\_ kebudayaan\\_dan\\_masyarakat.pdf](http://eprints.dinus.ac.id/14516/1/[Materi]_Bab_04_ kebudayaan_dan_masyarakat.pdf) [diakses di Kota Malang, Indonesia: 2 Maret 2017]
5. Goel, S. (2013) Relevance and potential of co-operative values and principles for family business research and practice . *Journal of Co-operative Organization and Management* . 1 (1) 41–46
6. Milovanovic, V. dan Smutka, L. (2018). Cooperative rice farming within rural Bangladesh. *Journal of Co-operative Organization and Management*. 6(1).11-19.
7. Getnet, K., Kefyalew, G., dan Berhanu, W. (2018) On the power and influence of the cooperative institution: Does it secure competitive producer prices? *World Development Perspectives*. 9. (2018). 43–47.
8. Hooks, T., McCarthy, O., Power, C., and Macken-Walsh, A. (2017) A co-operative business approach in a values-based supply chain: A case study of a beef co-operative. *Journal of Co-operative Organization and Management*. 5. (2). 65–72



9. Jabar, N.A., Ramli, R., dan Abidin, S. (2018) Understanding the mush\_arakah mutan\_aqi\_sah of Koperasi Pembiayaan Syariah Angkasa (KOPSYA). *ISRA International Journal of Islamic Finance*. 10 (1). 62-77.
10. Anriquez, G. 2007 Rural development and poverty reduction: is agriculture still the key?. *Agricultural Development Economics*, 4(1), 5–46.
11. Hermawan, Y., & Suryono, Y., (2016). Partisipasi masyarakat dalam penyelenggaraan programprogram pusat kegiatan belajar ngudi kopontera. *Jurnal Pendidikan dan Pemberdayaan Masyarakat*, 3(1), 97-108
12. Saraswati, L. dan Yadnyana. I.K. (2014) Pengaruh Struktur Pengendalian Intern Terhadap Kelancaran Pengembalian Kredit pada Koperasi Simpan Pinjam di Kota Denpasar. *E-Jurnal Akuntansi Universitas Udayana*. 7 (1) 122 – 134
13. Marpaung, M. (2014) Pengaruh Kepemimpinan dan Team Work terhadap Kinerja Karyawan di Koperasi Sekjen Kemdikbud Senayan Jakarta. *Jurnal Ilmiah WIDYA*. 2 (1). 33 – 40.
14. Aryani, D. (2011) Efek Pendapatan Pedagang Tradisional dari Ramainya Kemunculan Minimarket di Kota Malang. *JDM*. 2(2). 169 – 180
15. Esnard, Lyne, dan Old (2017) Factors affecting the value added by agricultural cooperatives in Saint Lucia: An institutional analysis. *Journal of Co-operative Organization and Management*. 5 (2) 73–79
16. Ganitri, P.T., Suwendra, I.W. dan Yulianthini, N.N. (2014). Pengaruh Modal Sendiri, Modal Pinjaman, dan Volume Usaha Terhadap Selisih Hasil Usaha (SHU) pada Koperasi Simpan Pinjam. *e-Journal Bisma Universitas Pendidikan Ganesha*. 2 (1). 1 – 10.
17. Ioannou, M., Boukas, N., Skoufari, E. (2014) Examining the role of advertising on the behaviour of co-operative bank consumers. *Journal of Co-operative Organization and Management*. 2 (1) 24–33.
18. Schöll, et al. (2016) Impact of projects initiating group marketing of smallholderfarmers-A case study of pig producer marketing groups in Vietnam. *Journal of Co-operative Organization and Management*. 4 (1) 31–41.
19. Hadipermana, O. (2009) Model Kewirausahaan Koperasi dan Implikasinya Terhadap Program Pelatihan Kewirausahaan. *Jurnal Pendidikan Luar Sekolah*. 4(2). 1 – 13.
20. Neuman, W.L. (2014) *Social research methods: Qualitative and quantitative approaches*. London: Pearson.

**Open Access** This chapter is licensed under the terms of the Creative Commons Attribution-NonCommercial 4.0 International License (<http://creativecommons.org/licenses/by-nc/4.0/>), which permits any noncommercial use, sharing, adaptation, distribution and reproduction in any medium or format, as long as you give appropriate credit to the original author(s) and the source, provide a link to the Creative Commons license and indicate if changes were made.

The images or other third party material in this chapter are included in the chapter's Creative Commons license, unless indicated otherwise in a credit line to the material. If material is not included in the chapter's Creative Commons license and your intended use is not permitted by statutory regulation or exceeds the permitted use, you will need to obtain permission directly from the copyright holder.

