

# The Quality of Service and Cooperative Benefits to the Member Participation of *Koperasi Baitul Qiradh Baburrayyan (KBQB)*, Aceh, Indonesia

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**Abstract**—This study was conducted to analyze the effects of service quality and cooperative benefits on the member participation of a cooperative organization. The case study looks at the Baitul Qiradh Baburrayyan Cooperative (KBQB) in Takengon as an example of cooperatives in general. Data taken from this research are primary and secondary data with interviews and observations as the data collecting techniques. The results show the quality of service and the benefits of cooperatives have a positive effect on the participation of members in KBQB Takengon cooperative. This means the higher the quality of services and benefits provided by the cooperative the higher the efficiency and amount of work the members are doing.

**Keywords**— Cooperative Participation, Cooperative Service, Cooperative Benefit

## I. INTRODUCTION

Cooperative organizations are found in almost all industrialized and developing countries. At first, cooperative organizations were developed in industrialized countries in Western Europe, but after colonialism in various countries in Asia, Africa, and South America, cooperatives also grew in some colonized countries on these continents. Many countries use cooperatives as a tool to improve the welfare of the population, and even use cooperatives as one of the government's tools to develop the country further.

A cooperative is a popular economic movement that aims to improve the welfare of society by basing its activities on the principles of cooperation, or working together. As a movement, cooperation uphold the values of unity and collaboration that are essential to realize the organization's main objectives, namely to improve the welfare of its members and to help the community prosper. Many experts point out that the key to success for a cooperative lies in the participation of its members, among other factors (Muslimin, 1987) and (Syamsuri, 1986). It can be said that member participation in cooperatives is like the heart of the human body, because within the organization, members play a double role, or have a dual identity. Those two roles are owner and user, and herein lay the uniqueness of the business entity that is a cooperative: the business owner exists concurrently with the service provider. As these two traits cause cooperatives to demand more participation from members, these established businesses can develop further to achieve their goals.

The main purpose of a cooperative is to improve the welfare of its members. This is true for KBQB, which was first established as a saving and credit cooperative. Some of the cooperative's members have had a difficult life, suffering from the armed conflict in the region and the impact of the devastating Indian Ocean Tsunami in 2004. In 2006, after recovering from these two hardships, members emerged from this period with a revitalized entrepreneurial spirit. The coffee farm, existing as a pre-cooperative (LKM), closed in 2000 because of the Aceh conflict. On August 1, 2002, Rizwan Husin initiated the revival of Baitul Qiradh Baburrayyan in the form of a cooperative. In 2003, KBQ Baburrayyan's savings and lending unit began operations by providing financing to vegetable traders in Takengon.

## II. LITERATURE REVIEW

Koperasi Baitul Qiradh Baburrayyan (KBQB), which loans money to coffee farmers and helps them market their product, is located in Aceh Tengah is located in Aceh Tengah, NAD Province. This cooperative is one of many national large scale cooperatives established in 1995. The initiator is Tarmizi A Karim from Kampung Pondok Gajah, Aceh. When formed, the capital was about 6 million Rupiah. The Legal Entity of Baitul Qiradh Baburrayyan Cooperative was established on 21 October 2002 based on the Legal Entity No. 62.01 / 233 / BH / X / 2002.

The purpose of establishing Baitul Qiradh Baburrayan Cooperative is to stimulate and improve the economic welfare and prosperity of its members. With a strong desire to empower the people's economy, this cooperative endured the long process of gaining public trust and it continues to show its expertise in coffee commodity trading. In the 2016 book year report, the assets of the cooperative are mentioned at Rp 13.9 billion with a turnover of Rp 109.7 billion. Its members are 3,527 people, who are all coffee farmers in Aceh Tengah and Bener Meriah districts. KBQ Baburrayan currently exports Gayo's coffee beans to several countries including the United States, Australia, Canada, Britain, Singapore, Mexico and New Zealand. KBQB Baburrayan belongs to Shariah cooperative where its organizational structure is as follows:

**Board of Directors**

1. Chairman: Rizwan Husin
2. Secretary: Armiyadi
3. Treasurer: Sugiaty

**Controller**

1. Chairman: Mhd Hanif
2. Members: Ismayani
3. Member: Sartika Yanti

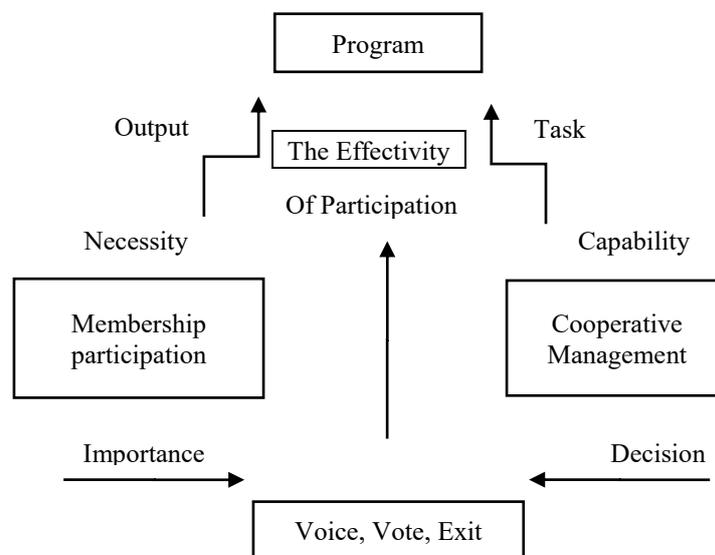
One of the factors that determine the success of a cooperative one is the level of member participation. This participation consists of the members taking part in the activities the cooperative decides are important to achieve the intended purpose of the organization. According to Ropke (2003), the effectiveness of member participation depends on the interaction between:

1. Member or beneficiary
2. Management of the cooperative
3. Program of the cooperative

According to Ropke's (2003) theory, when these three variables are suitable to members, participation will increase. The compatibility between the three variables is called the Three Way Fit, which will turn into The Fit Model of Participation. The compatibility is defined by the following relationships:

1. Between services required by members and service output of the program.
2. Between program tasks and cooperative management capabilities.
3. Between what members are asking for by management decisions.

The tools that members use to participate are the voting rights (Voice), Vote (Vote), and exit rights (Exit). The compatibility of these three variables is incorporated in the chart below:



Source: Ropke (2003)

FIGURE I. CONFORMITY PARTICIPATION MODEL

Cooperative Services to members are services provided by the cooperative in advancing the business of its members. Therefore, some cooperatives are service providers who are tasked with providing and improving services through the efforts of its members. The importance of service to members of the cooperative stated Muenkner (1997) that: "In accordance with the objectives of the Cooperative, the priority given to improve the welfare of members, the growth of a sustainable Cooperative enterprises is not an end goal but a justification in terms of improving the capacity of the Cooperative in order to improve the welfare member."

If many members in the cooperation receive the economic benefits of being in the organization, then members are more willing to participate actively in the cooperative, because one way members can participate is by enjoying those economic benefits. As expressed by Ropke, participation can be described in three ways:

1. Participation of members in contributing or mobilizing their resources
2. Participation of members in making decisions (planning, implementation, and evaluation)
3. Participation of members in enjoying the benefits.

Of the three types of participation above, Ropke focus on the third way: participating by enjoying the benefits. Members are more likely to participate if they receive reciprocal benefits from the cooperative in return for the work they put into the cooperative. Some examples of these benefits would include a lower price of goods compared to the price of goods outside the cooperative, the treatment and good service of management of the cooperative and obtain profits (*Sisa Hasil Usaha*) according to their participation in the Cooperative.

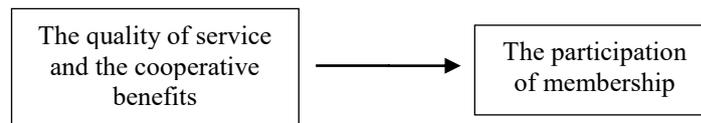


FIGURE II. PROPOSED RESEARCH FRAMEWORK

### III. METHOD

#### A. Research Method

Based on the framework above, the hypothesis is "The quality of service and benefits from the cooperative have a positive effect on member participation level in Baithul Qiradh Baburrayyan Cooperative.

The object of this research is Cooperative Baithul Qiradh Baburrayyan (KBQB) Takengon and the subject of research is members of Cooperative Baithul Qiradh Baburrayyan (KBQB) Takengon. The method used in this research is an explanatory survey method using primary and secondary data. This method emphasizes the acquisition of data about the quality of service and benefits of cooperative member participation as well as the analysis of the answers.

### IV. FINDING AND DISCUSSION

The variables analyzed are cooperative service quality factor and cooperative benefit variable. The variable of service quality is the level of service quality provided by the cooperative to the member. A high level of service quality means the member feels a sense of satisfaction with the service from the cooperative. The variable of cooperative benefit is the economic advancement of the member, which is the improvement of cooperative service to its member in the form of economic benefit obtained as a member of the cooperative. The data collection tool used in this research is interview of the members and observation of the KBQB cooperative.

Descriptively, the results of the research indicate that the quality of service Baithul Qiradh Baburrayyan (KBQB) Cooperative Takengon is considered by members to be in the good category. The five ways to categorize the quality of service are:

- a) Tangible (direct evidence), including facilities, equipment, employees and communication facilities,
- b) Reliability (Reliability), namely the ability to provide services promised immediately and satisfactorily
- c) Responsibility, employees to assist members, provide services and respond quickly to all members' wishes,
- d) Assurance, including knowledge, skills, courtesy and credibility of employees,
- e) Empathy (empathy), including ease of doing good communication links, personal attention and understanding of members' needs.

Cooperative benefit variables are the benefits felt by members while they are members of the cooperative. Indicators include: a) the amount of direct economic benefits from the provision of goods which is evaluated from the condition of goods, the price of goods, the mode of payment and the terms of purchase, and b) the magnitude of direct economic benefits from marketing or co-processing is evaluated from the cost savings of production.

Variable participation of members can be characterized by participation in decision-making and participation of capital and business participation. The results of the interviews and observations showed that, in general, the level of participation of members is quite high. The results of research are in harmony with Ropke, who stated that cooperatives will not appeal to members, prospective members and society because they only feel that they only have excess capital, otherwise cooperatives will be very interesting if the cooperative also can provide economic benefits (economic benefit) for its members. That service should be the main goal in the cooperative. This situation shows that the higher the quality of cooperative service, the higher the member participation to the cooperative, and the lower the quality of service provided by the cooperative, the lower the participation of the members.

## V. CONCLUSION

From the results of the study, it can be concluded that the quality of service and the benefits of cooperatives have a positive effect on the participation of members at Cooperative Baithul Qiradh Baburayyan (KBQB) Takengon. This means that the higher the quality of services and benefits provided by the cooperative, then the number participation of members will also increase.

Thus, it can be suggested that KBQB Takengon will be able to improve services and provide benefits to its members. Thus, the sense of having members will become better and will have a better impact on the participation of members. Participation of good members is the basic capital of cooperatives in order for them to further develop. The services provided are services that match the expectations and needs of the members, thus providing benefits (benefits) more than the other entities.

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