

## **The Influence of Management Function on Cooperative Performance (A Case study at Cooperative “IbuAni” in Kalabahi, Alor district)**

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**Abstract:** *This study aimed to determine the effect of management function on Cooperative performance of “IbuAni” in Kalabahi, Alor district. The population in this study are all members of the cooperative as many as 280 people, with a total sample of 84 people. Data collection techniques using questionnaires and analyzed with multiple linear regression model. The results showed that the effect of management function (planning, organizing, actuating and controlling) on cooperative performance is 32,7%.*

**Keywords:** *Function Management, Cooperative Performance*

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### **I. Introduction**

Cooperatives are business entities that perform activities based on the principles of cooperation as well as people's economic driver that is based on the principle of kinship. In addition, the cooperative as a popular economic movement oriented to foster community participation in order to strengthen the structure of the national economy with an economic democracy based on the principle of kinship (Abonam, Nehorbuno Dominic. 2011).

According to data from the Department of Cooperatives East Nusa Tenggara (NTT) the number of cooperatives in NTT (December, 2008) as many as 1,614 units consisting of 1,426 units registered as active cooperation (88.35%) and 188 cooperative units were categorized as unactive (21.65%). That is an open opportunity that allows people to set up cooperatives as a tool to fight the economic interests.

Competitive business climate requires all the management team as a business to always be aware of the various possibilities in dealing with difficult situations. Tjakrawerdya (1997) says that the cooperative management team (Member Meeting, the Management and Supervisory) is an important resource for the challenges of increasingly tough competition both between cooperatives and cooperative with other business entities. According Siagian (2005), the benefits of cooperatives are to create a unique distinction, rare, inimitable

To achieve the goals of cooperatives as business entities require precise measurement of performance as the basis for determining the effectiveness of its business activities mainly operational effectiveness, financial condition, part of the organization and its employees based on the objectives, standards and criteria established in advance (Mulyadi, 2001: 416). Performance is basically what it does or does not do by the employee. Employee performance is effecting how much they contribute to the organization (Parasuraman, L, 2008: 78). Performance is the result of work produced by employees who displayed various roles in the organization (Hariandja, 2002: 195). Performance is very important in a company to achieve its objectives. So performance is the result achieved by the person applying for a specific job. Performance can work well when employees get his salary as expected, training and development, receive treatment equal opportunity, appropriate staffing expertise, get career planning assistance, and there is feedback from the company (Herdhiana, 2004: 196).

The performance assessment is a process of organization in assessing the performance of employees. The performance assessment is a systematic evaluation of employee jobs and the potential that can be developed. The purpose of performance assessment in general is to provide feedback to employees in an effort to improve the performance of its work and efforts to improve the productivity of the organization (Gungor, Pinar. 2011).

Based on Law No. 25 of 1992 regarding cooperatives Chapter VI (Articles 21-40) stated that the cooperative organization composed of administrators (managers), supervisors, and the meeting of members. This team has the task to manage the cooperative in accordance with the duties, powers and responsibilities given to improving the performance of the cooperative organization. The interaction of these three elements will greatly determine the level of cooperative performance from one period to another. Sutrisno (2003) says that the process of planning, organizing, implementing and supervisory shall refer to the three main pillars of cooperative organizations, namely: the Statutes, bylaws and special provisions. These pillars that distinguish the cooperative as a business entity that has distinctive characteristics that are not owned by another business entity.

Based on data from the Department of Cooperatives Regency Alor (December 2008) the number of cooperatives available was 81 units. Among them, there were 68 units (83.95%) of active and 13 units (16.05%)

is inactive. These data suggest that there are many problems faced by cooperatives. The problems are organizational, business and finance issues. For newly established cooperatives under the age of five years, is estimated by the management team do not have the knowledge, skills and experience in managing the cooperative, as well as own capital are low and the network of business relationships is still limited. If this condition continues, the chances of that happening are cooperative performance will tend to decline and will eventually go bankrupt.

Kiyosakhi (2005: 29) says that the newly established business will decrease in the period of five years running, and will decline next five years. This illustrates that the ten of new business at the end of the fifth year will remain one business., while the others are collapse. Therefore, the study of cooperative management is expected to generate inputs to support the development of cooperatives in the future.

Ibu Ani cooperative is a primary cooperative that has two business units. The units are shops and credit union. For the shops there is no problem with the participation of the member. But, for credit union, there is a problem. The problem is credit failure during the last three years, especially in year 2010. This is reflected in Table 1.

**Table 1.** Distribution of Transaction Data and Arrears Credit Cooperative “Ibu Ani” Kalabahi Year 2008-2010

No	Year	Total		Percentage of (%) Arrears
		Distribution	Arrears	
1	2008	39.700.000	17.468.360	44,00
2	2009	38.750.000	22.620.000	58,37
3	2010	161.500.000	112.587.000	69,71

Based on the data in Table 1 above, it is known that in the last three years overdue loans increased significantly especially in the year 2010 amounted to 69.71%. These conditions cause harm to the cooperative because of the shortage of liquidity and a loss in members due to a lack of support from the cooperative venture capital. The tendency was expected that the duties, powers and responsibilities of the board and the superintendent has not been effective, as well as their dual membership of some members. Some indicators that can be seen, among others are:

- a. Board less than optimal in developing and implementing organizational planning, business, and finance.
- b. Supervision less effective based on the standard of operational management (SOM) on cooperatives.

**Conceptually, organizational life are two patterns of decision according to type of problems encountered:**

- 1) Technical problems and routine programmatic decisions dissolution with patterns that refer to actuating guidelines and technical guidelines.
- 2) Problems with a unique and crucial dissolution pattern programmatic decisions that are based on studies or empirical research.

The phenomenon of decreasing activity of the cooperative performance of cooperatives needs to be assessed in terms of the management and is expected to be detected creative ideas and innovative solution to the problems of the cooperatives concerned. If the downward trend cooperative performance continues, it can be ascertained that the cooperative would lose gradually later bankruptcy (bankruptcy) and ultimately lead to loss impact that extends to the members as the owners and users of the service cooperatives, managers of cooperatives (administrators, supervisors, and employees), business partners, government and society.

**II. Research Method**

This study is a survey using a questionnaire. The population in this study were all members of the cooperative “Ibu Ani” Kalabahi Alor regency as many as 280 people with a total sample of 84 people who were taken using purposive sampling technique. Collecting data using questionnaires with closed questionnaire. The research method is quantitative analyzed using multiple linear regression model with the following formula:

$$Y = b_0 + b_1X_1 + b_2X_2 + b_3X_3 + b_4X_4 + e$$

Where:

Y = dependent variable (Cooperative performance)  
 b<sub>0</sub> = Constant  
 b<sub>1</sub>, b<sub>2</sub>, b<sub>3</sub>, b<sub>4</sub> = number of direction or coefficients  
 X<sub>1</sub>, X<sub>2</sub>, X<sub>3</sub>, X<sub>4</sub> = Independent Variables (planning, organizing, actuating and controlling)

**III. Findings and Discussion**

Characteristic of respondents can be described as follows: woman respondents as many as 74 people (88.1%) and male as many as 10 people (11, 9%). Corresponding age group of 20-30 years old respondents as many as 25 people (29.8%), aged 31-40 years as many as 23 people (27.4), aged 41-50 years as many as 23 people (27.4%) and age > 50 years as many as 13 people (15.5%). Based on the level of education, the number of respondents who had elementary education as many as 45 people (53.6%), Junior High school by 8 people (9.5%), Senior High school as many as 19 people (22.6), DIII of 4 people (4.8%) , S1 as many as 8 people (9.5%) and S2 as many as 1 (1.2%). While the length of the cooperative membership respondents ≤ 1 year starting from as many as 24 people (28.6), 1-2 years as many as 8 people (9.5%), 2-3 years as many as 26 people (30.9%), 3-4 years as many as 26 people (30.9%). Effect of management functions on the performance of business cooperatives “Ibu Ani”. The results of multiple linear regression analysis can be seen in table 3.1 below.

**Table 3.1: Estimated Regression Model**

Model	Unstandardized Coefficients		Unstandardized Coefficients Beta	T	Sig.
	B	Std.Error			
1. (constant)	1.695	.493		3.233	.002
Planning	.323	.158	200	2.007	.043
Organizing	.185	.160	086	2.558	.039
Actuating	.168	.142	265	2.758	.007
Controlling	.597	.165	525	3.610	.001

The results of the regression coefficient from Table 3.1 Such is the above equation:

$$Y = 1.695 + 0.323X_1 + 0.185X_2 + 0.168X_3 + 0.597X_4 + e$$

Where:

- Y = Cooperative Performance
- X1 = planning
- X2 = organizing
- X3 = actuating
- X4 = controlling

**Table 3.2 Multiple Regression result.**

Model	R	R Square	Adjusted R Square	Std Error Of The Estimate	Durbin-Watson
1	.571(a)	.327	.292	.44986	1.628

All functions (planning, organizing, actuating and controlling) affect cooperative performance as many as 32,7%.

**Table 3.3: ANOVA**

**ANOVA<sup>b</sup>**

Model	Sum of Square	Df	Mean Square	F	Sig.
1 Regression	8.751	4	1.938	17.635	.000 <sup>a</sup>
Residual	16.987	79	.202		
Total	29.738	83			

a. **Predictors:** (Constant), Controlling, Planning, Actuating, Organizing

b. **Dependent Variable:** Cooperative Performance

Based on the analysis, it is known that the value of  $F_{count} = 17.635 \geq F_{table} (2,480)$ . So it can be said that there is a significant effect simultaneously independent variables (functions of planning, organizing function, the function actuating and controlling functions) on the performance “Ibu Ani” Cooperative in Kalabahi Alor regency.

The results of this analysis show management functions is not the main variables that effect the performance of the cooperative. In this case, the performance of the cooperative can also be measured by other variables that are not described in this study. Suwandi (1989) said that another factor that affect cooperative performance is member participation. While TJ Cakrawardaya (1997) stated that cooperative performance can also be measured by organization size, business and capital.

This findings also support the research from Beig (2012) and Mwaniki and Gathenya (2015) who found that management function has effect on cooperative performance.

#### IV. Conclusion and Recommendation

##### Conclusion

Results of testing the overall hypothesis can be summarized as follows: (1) Planning influential factor of 32.3% to the cooperative performance; (2) Organizing.Factoreffect of 18.5% to the cooperative performance; (3) Actuating.Factoreffect of 16.8% to the cooperative performance; (4) Controlling.Factor influence significantly by 59.7% against the cooperative performance. (5). Among the various factors of functions Planning, Organizing, actuating and controlling, the most dominant factor is the factor controllingi.e. by 59.7% against the cooperative performance. (6). Factors planning, organizing, actuating and controllingsimultaneously effect 32.7% of cooperative performance.

##### Recommendation

Based on the conclusions reached then it can put forward a few suggestions:

1. All the cooperative activities need to be planned targets will be achieved by means/step efforts to achieve clearly involve all components of the cooperative.
2. For all components of cooperative functioning effectively, then the duties, powers and responsibilities of each should be clearly defined to embrace effectively.
3. Actuating of the plan of the organization needs to have the support of all components of a collaborative manner in order to support the achievement of annual goals cooperative.
4. The controlling activities required to align the actuating of the plan to ensure attainment of cooperative objectives effectively and efficiently.
5. The results of this study show the influence of management by 32.7% on the Performance of Cooperative then sign other factors outside management contributed approximately 67.3% of Cooperative Performance. It is expected that other researchers can complement other factors that influence cooperative performance in the future.

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