ICAEM2015 ICOOP2015

The Joint International Conference on Agribusiness and Cooperatives

Theme: The Future of Agribusiness and Cooperative Enterprises: Examining Local and Global Contexts

CITATION

Maryono* and Lukman M. Baga. 2015. "Grand Strategy of Cooperative Development in Indonesia." Paper presented at the Joint International Conference on Agribusiness and Cooperatives, Davao City, Philippines, 14–16 October.

OPEN ACCESS POLICY

This material was presented during a conference organized by the Institute of Cooperatives and Bio-Enterprise Development (ICOPED), College of Economics and Management, University of the Philippines Los Baños, and the Office of Research of the University of the Philippines Mindanao. In support of the open access initiative, the organizers provide unrestricted access to these materials to foment wider dissemination and exchange of ideas. Authors are encouraged to practice self-archiving of their presentations for public use in a noncommercial repository. Copyright of this uploaded material remains with its author. For more downloadable materials, visit http://ojs.upmin.edu.ph/index.php/supplements

Grand strategy of cooperative development in Indonesia

Maryono and Lukman M Baga
Department of Agribusiness Faculty of Economic and Management
Bogor Agricultural University (IPB), Indonesia
maryonomr@gmail.com

Presented at
ICOOP2015: 2nd International Conference on Cooperatives
14–17 October 2015 | Davao City, Philippines

This paper is part of the research project funded by BAPPENAS/ Ministry of National Development Planning / Head of National Development Planning Agency

Brief history of cooperatives in Indonesia

the Rochdale Pioneers 1884

Colonial

1. 1800's Raiffesien model Introduced by Hollander
2. 1908 by dr Soetomo consumer cooperative
3. 1913 by HOS Tjokroaminoto

Old order

1. Mandated into Constitution, *UUD 1945*,
2. 11-14 July 1947 a National Cooperative Congress
3. The top-down approach

New order

1. The top-down approach
2. The golden era of KUD (village cooperative)
3. self-sufficiency in rice

Reformation

1. 1998: political and economic chaos
2. Fall of the New Order regime
3. Negative growth of KUD and the rise of non KUD

10 years after Reformation?

?

Objectives

- This study aims :
- to portrait the development of cooperatives in Indonesia and
- to develop a national level cooperative development’s strategies.

Methods

- This study was conducted from June 2013 until February 2014.
- Data was collected through several approach including desk study, in-depth interview and focus group discussion (FGD) involving cooperative's leaders and policy makers in both local and national level.
- Collected data then was analyzed using content analysis, fishbone and mind mapping, SWOT analysis, then followed by architecture strategic.

Cooperative development 2003-2012

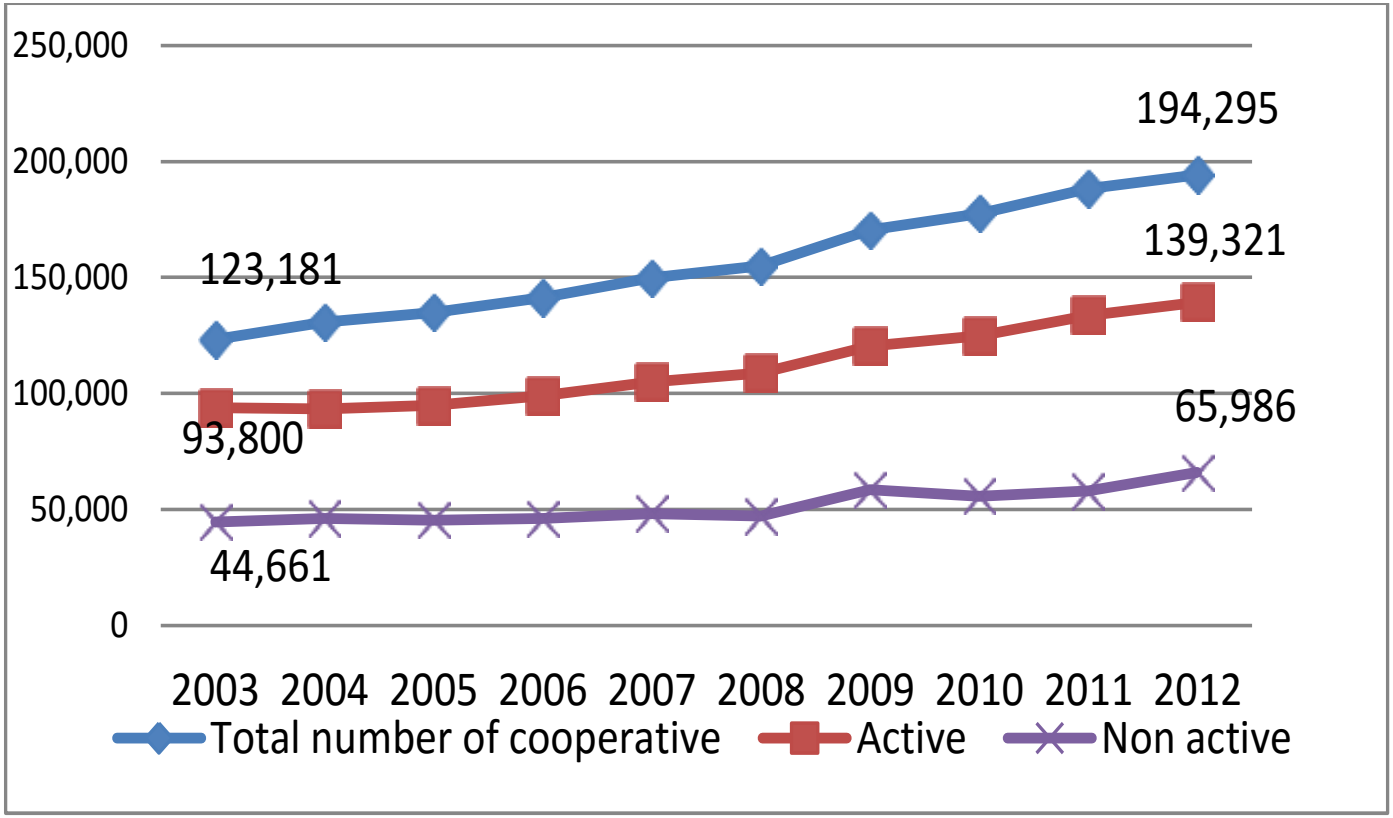
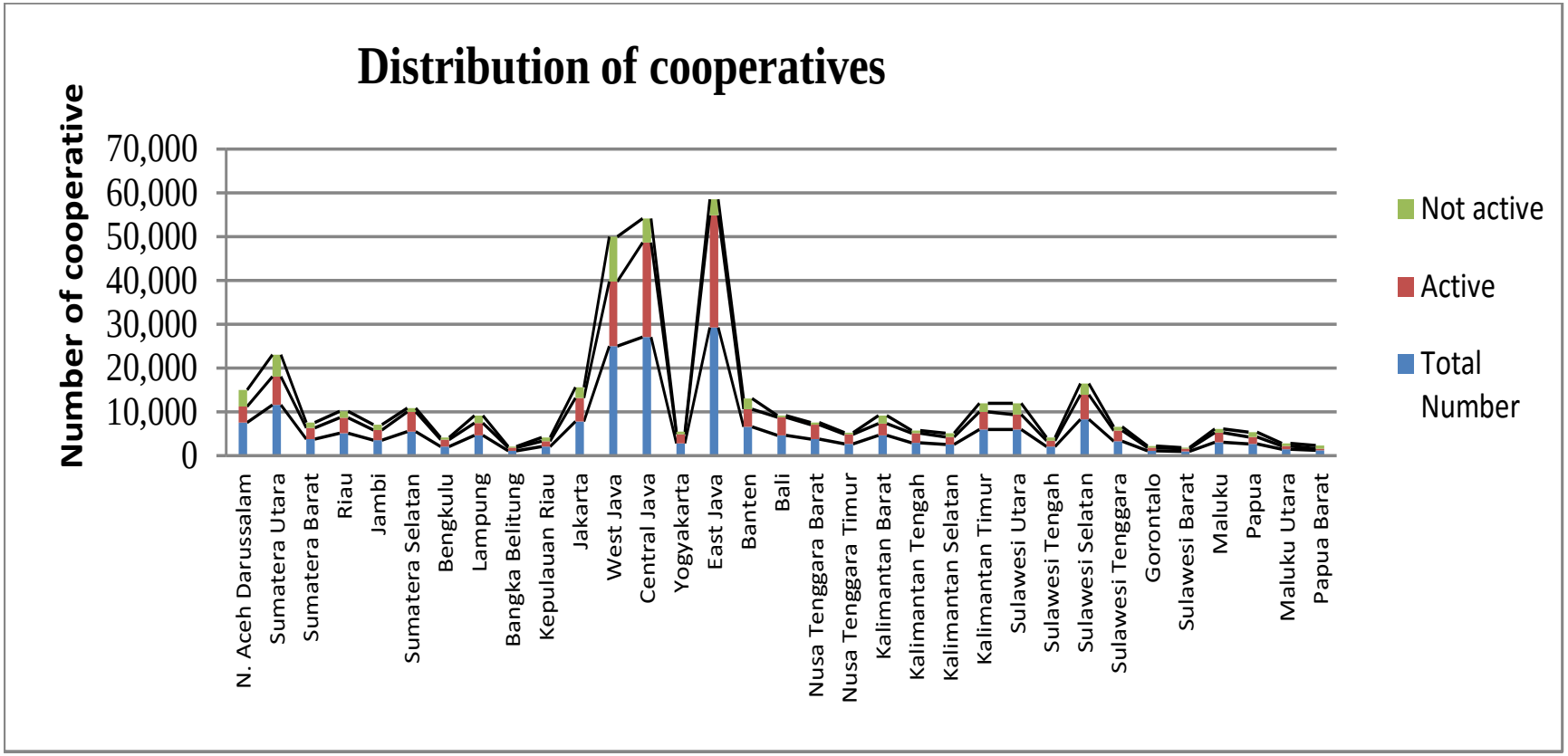


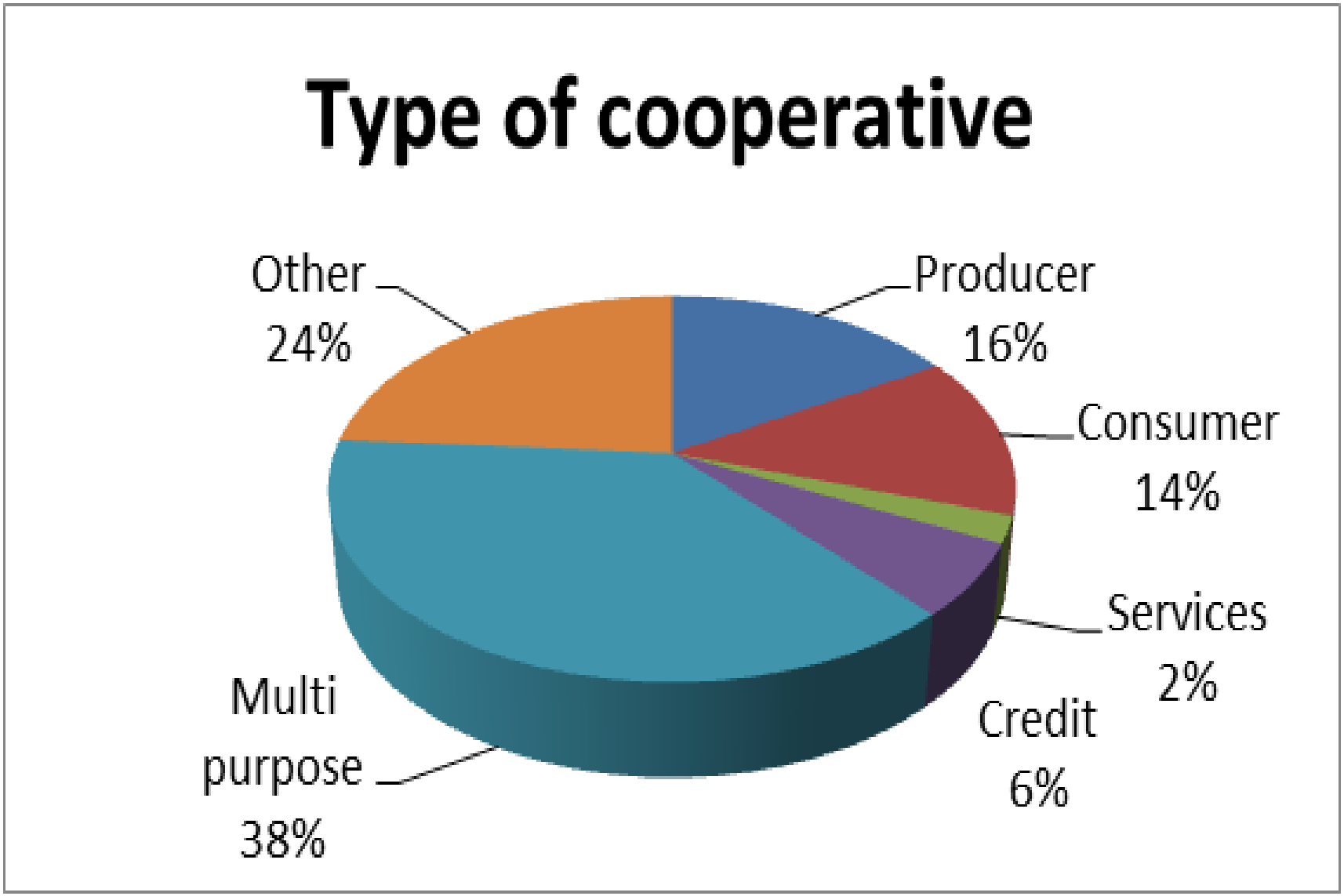
Figure 1. Trend of cooperative development in Indonesia
Source: Ministry of cooperatives (2013)

Distribution



Gambar 2.26. Distribution of cooperatives 2013

Source: Ministry of cooperatives (2014)



Source: Ministry of cooperatives (2014)

Memberships

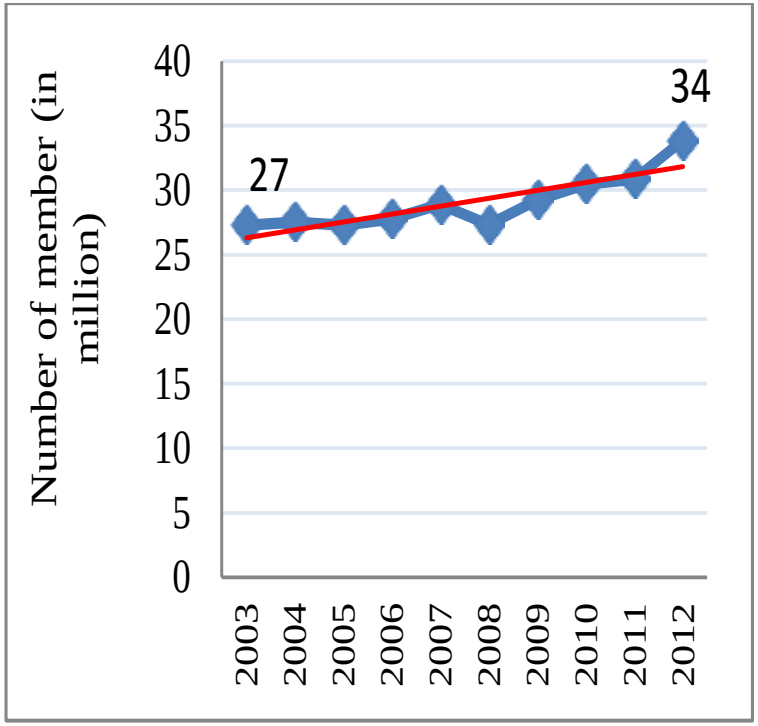


Figure 2. Total member of cooperative
Source: Ministry of Cooperative (2013)

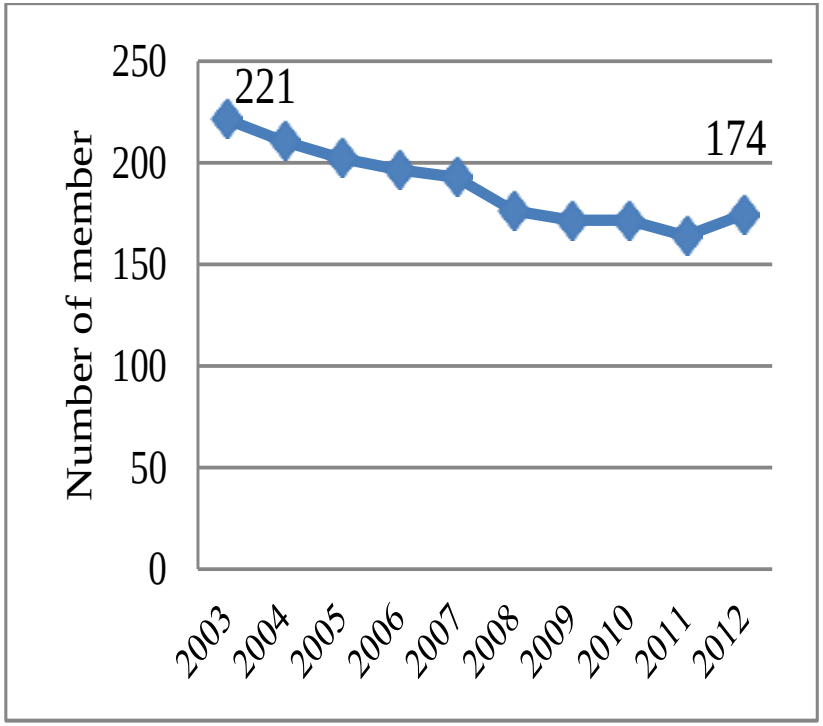


Figure 3. Average member per cooperative
Source: Ministry of Cooperative (2013)

Member participation

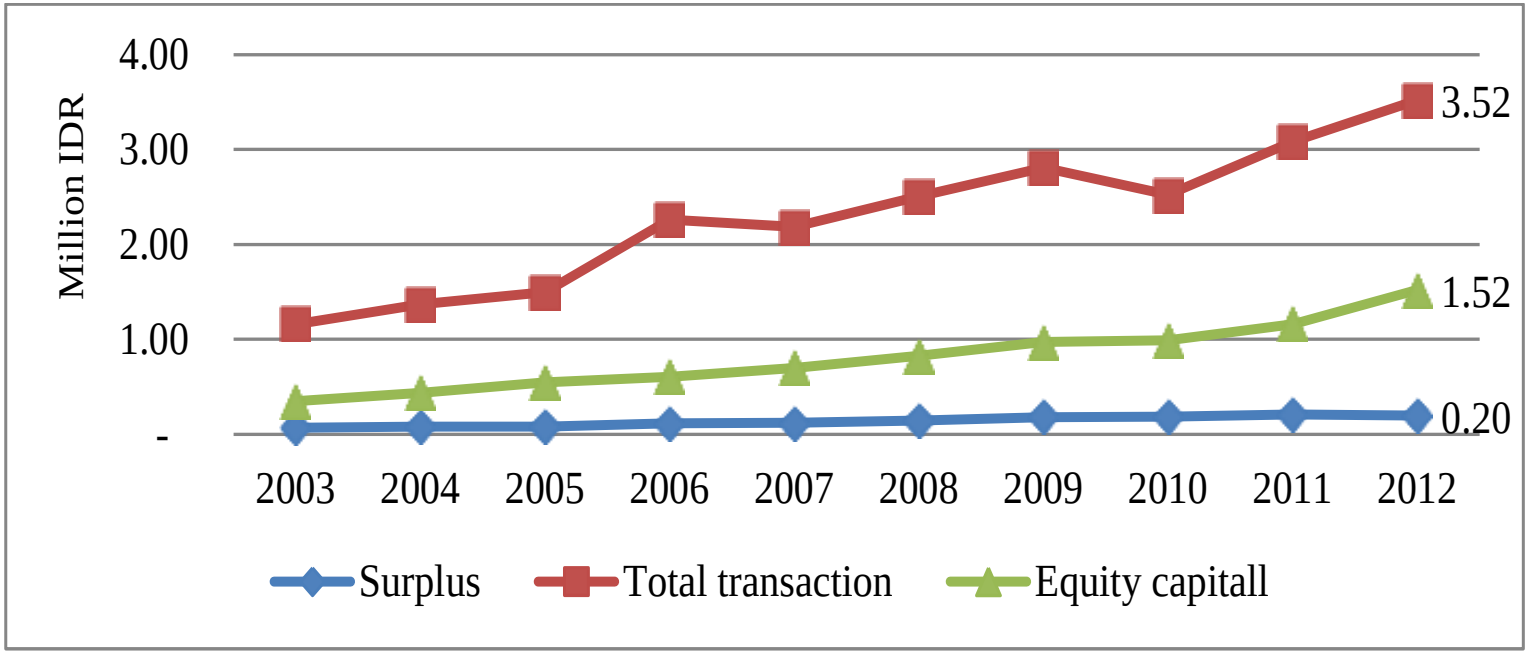


Figure 6. Contribution of member in cooperative

Source: Ministry of cooperatives (2013)

Economic performance

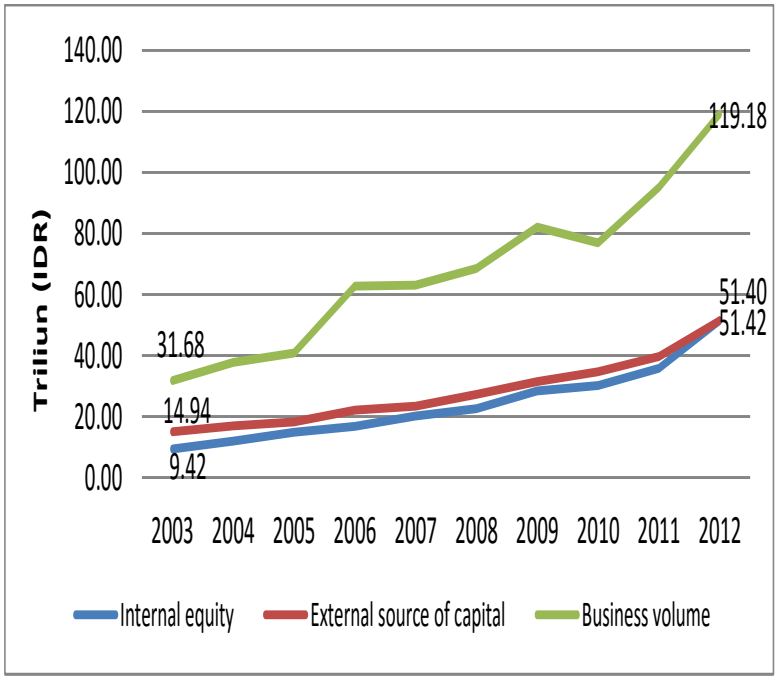


Figure 4. Business performance of cooperative in Indonesia
Source: Ministry of cooperatives (2013)

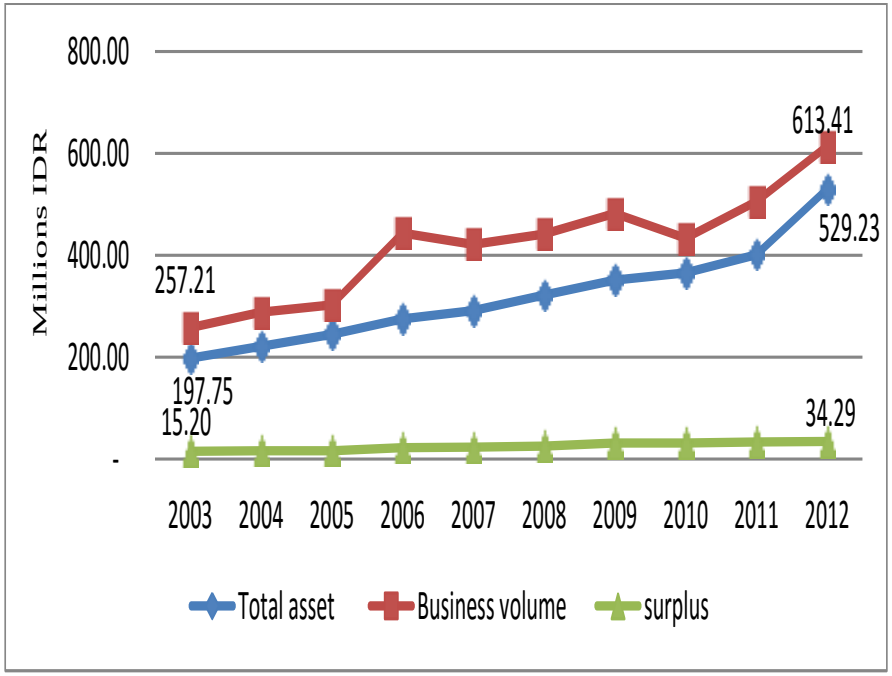


Figure 5. Average business performance per cooperative
Source: Ministry of cooperatives (2013)

Strategic formulation of cooperative development in Indonesia

- This strategy is designed to address the developmental needs of both existing and potential co-operatives.
- This includes primary co-operatives, unions and federations, as well as key support and regulatory actors in the co-operative movement in Indonesia.
- The Strategy focuses on all types of co-operatives.

Strategy formulation process

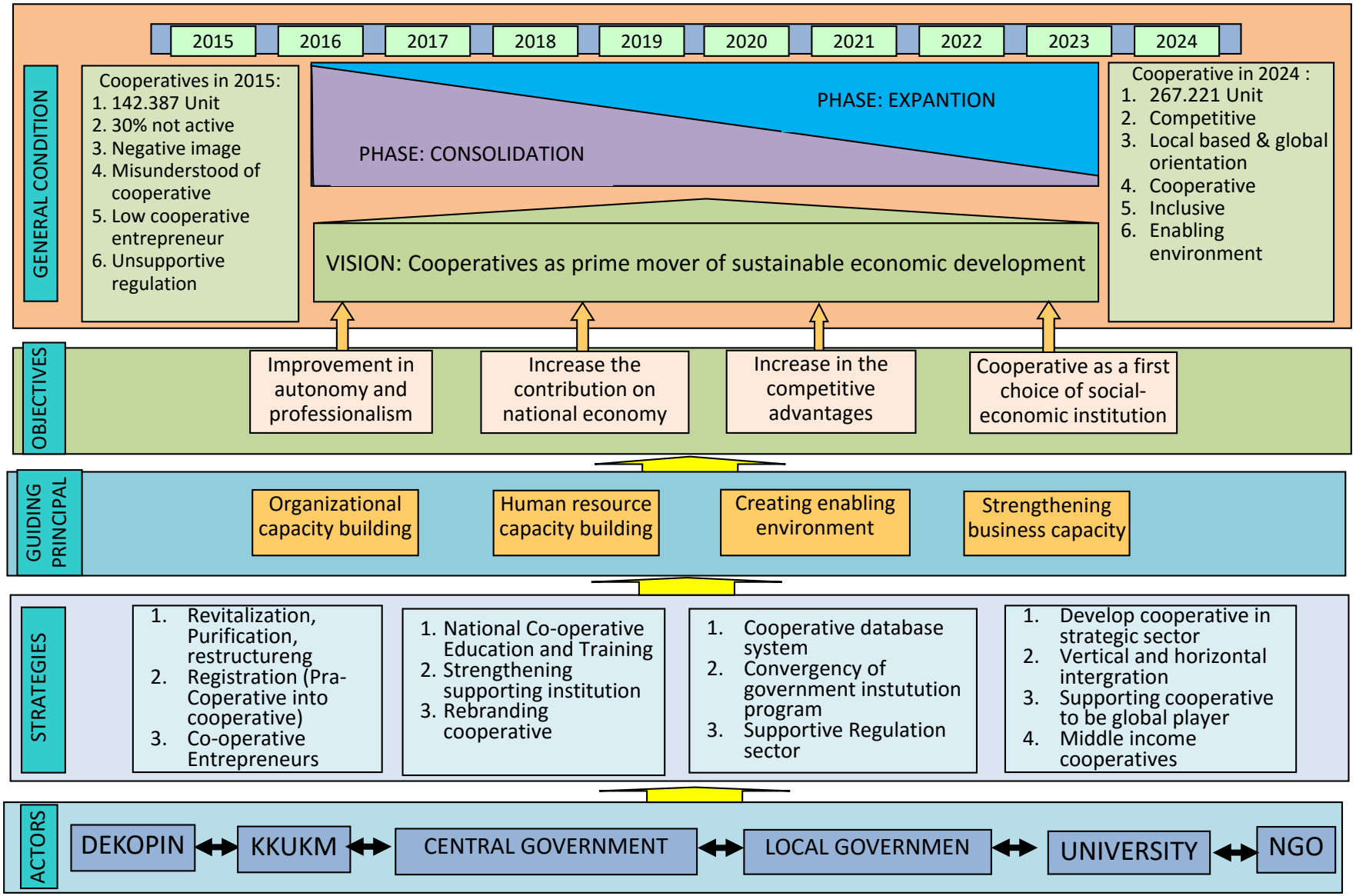
- The process of strategy formulation is started with environmental scanning include internal and external issue.
- External involved economy condition, social and cultural that afect the development of cooperative.
- Internal issue invovling stakeholders analysis related to coopertive development both direct and indirect.
- Followed by strategic issue identification as a baseline for cooperative strategy formulation.
- The next process is to design vision, goal and strategies.

SWOT Matrix

INTERNAL	EXTERNAL
STRENGTHS 1. Present of high compepetitiveness local specific product 2. Existence of cooperative in varous of economic sector 3. Present of LAPENKOP (education and training institution) and its network 4. The present of SMESCO (marketing serivice board for SME) and LPDB (Revolving Fund Management Agency for SME)	**OPPORTUNITIES** 1. Increasing of the middle income class 2. Demographic bonus 3. The present of financial institution (CSR/PKBL/ZIS) 4. The upcoming ASEAN Economic Community 5. The present of social economic organizations 6. The present of community-based programs of ministry/institution 7. Country with high invesment Index
WEAKNESSES 1. Profesionalism of cooperative in business performance. 2. Participation and contribution of member on cooperative 3. Organizational learning 4. High number of not active cooperatives 5. Quality of human resource 6. Unfungtional of three supporting instution 7. Cooperative Database, monitoring and evaluation system	**THREATS** 1. Divergency among governmental institution 2. Present of unsupportive regulation 3. Negative image of cooperative

Figure 9. Internal-external strategic issue of coopertive development in Indonesia

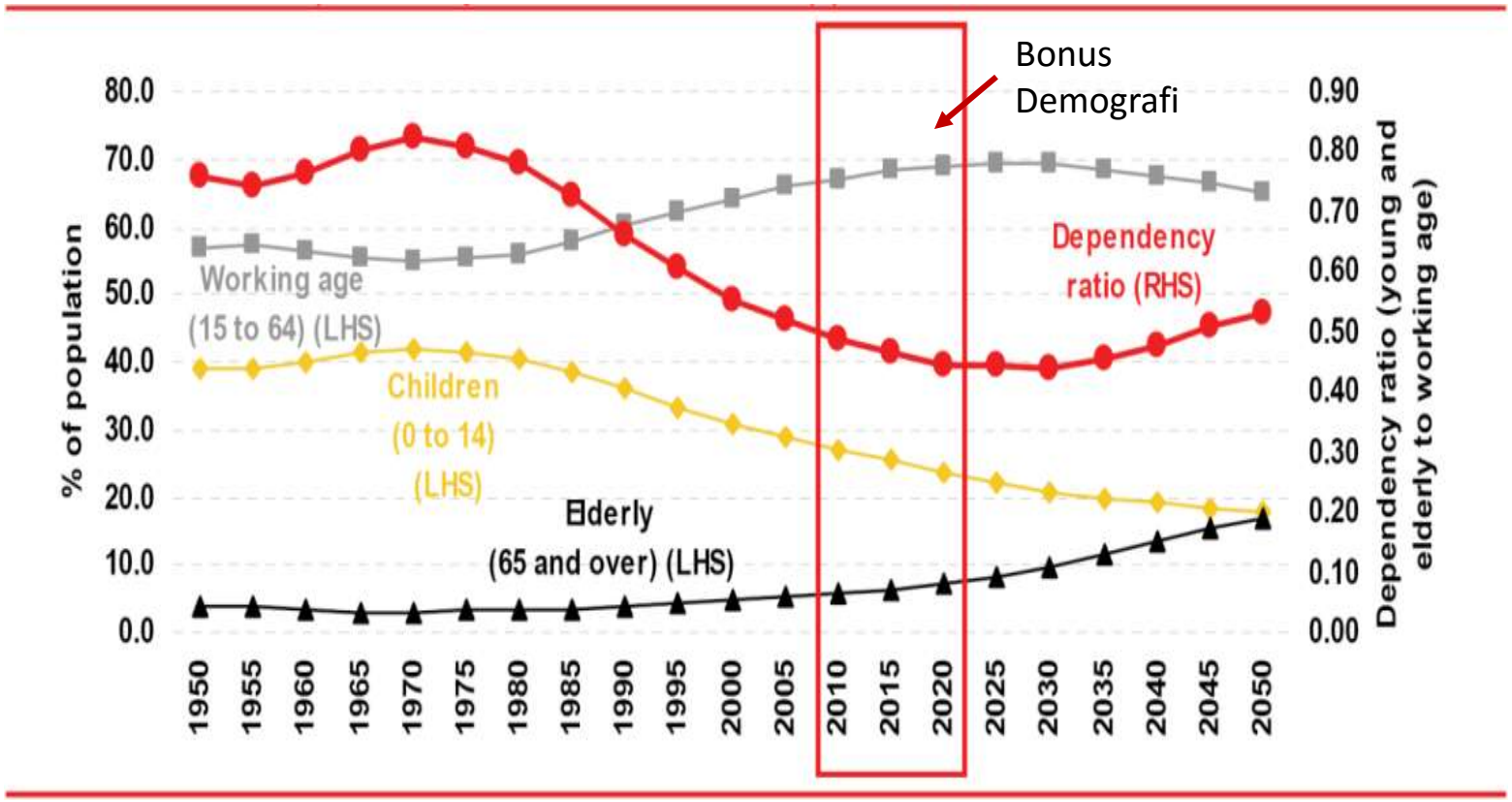
STRATEGY DEVELOPMENT SCENARIO



Conclusions and policy implication

- The development of cooperative was heavily relates to the poverty eradication.
- Member of cooperative should be not limited to marginalized people but also for “the have” to create their better living.
- Rebranding cooperative and creating young cooperative entrepreneur is much challenging as response to the demographic bonus which is predicted will occur in 2025-2035.
- Government intervention is still needed in the development of cooperative in Indonesia, especially to provide enabling environment for cooperative to grow.

Thank you



Sumber: BPS (2012)

Gambar 2.5. Proporsi Usia Penduduk Indonesia