

Role Of Entrepreneurs in Cooperative in Increasing Competitive Advantage

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Abstract. Cooperative entrepreneurs are people who have the ability and willingness to innovate or get strategies for cooperative development. On the shoulders of cooperative entrepreneurs, it is expected that cooperatives will have competitive advantages from other business entities that become competitors. This research is a qualitative descriptive study. The data was collected by distributing questionnaires to supervisors, management and cooperative members in the city of Pekanbaru, Siak district, Kampar district and Pelalawan district. Sampling is done by using purposive sampling technique. The results show that the aspect increasing competitive advantage by placing cooperatives as market rulers, reducing ordinary transactions, utilizing interlinkage markets, social capital, reducing uncertainty, innovation, developing participation and creation of economic of scale in Riau province on average are categorized as optimal.

Keywords: Entrepreneurship; Cooperatives; Competitive Advantages

1 Introduction

Building a cooperative is an effort to build human resources, natural and policy resources owned by a nation. This effort must be sustainable and continue to develop in accordance with the challenges of the life of the Indonesian people. The existence of a cooperative institution as the economic backbone, is required to be able to accommodate the messages of politics, economics, culture of people who are still having difficulties facing the globalization challenge.

In line with the mandate of Number 17 of 2012 [1], in Article 1 is: "Cooperatives are legal entities established by individuals, by separating the wealth of their members as capital to run a business, which fulfills common aspirations and needs in the field economic, social and cultural according to the values and principles of the Cooperative ". It is a place to improve the standard of living and toughness of the competitive members of cooperatives and communities in the environment to increase the potential and economic capacity, economic and social welfare of members.

Cooperatives is aimed at improving the living standards of members and is a shared responsibility, the commitment of members must also be seen from the economic aspect. According to Burhan Arif in Rosidi and Maman Suratman [2], cooperatives members should get benefit because both as customers and owners. The function and role of cooperatives is to grow and develop economic potential through the entrepreneurship of its members. Panji Anoraga [3], explained that the success of cooperatives in achieving their goals depends on the activities of their members, whether they are able to carry out cooperation. Having the enthusiasm of work and obey all the provisions and policy lines that have been set by the Member Meeting, efforts to improve their standard of living depend on their own activities.

Ropke in Hendar and Kusnadi [4] mentioned that entrepreneurship is divided into three, (1) routine entrepreneurship is an entrepreneurial group that conducts daily activities, to emphasize problem solving and traditional achievement, (2) arbitration entrepreneurship is an entrepreneurial group looking for opportunities through knowledge activities and their use and (3) innovative entrepreneurship is dynamic one by generating ideas to produce new methods, goods or markets.

However, based on data from the Riau Cooperative and SME Trade Office until 2018 there were as many as 5,063 cooperative units, of which there were 2,967 cooperative units in Riau which were still active and 2,096 units which were inactive. From the 2,096 inactive cooperative units, 1,125 units were threatened with dissolution while the remaining 971 units which were also inactive were not disbanded due to the existence of business related to third parties. The active cooperative is marked because every year annual member meetings routinely (RATs) are held as the responsibility of the board is given to members in accordance with the vision and mission of the cooperative [5].

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2 Research Methods

This research is qualitative descriptive research. This study uses a survey method [10]. It was conducted in the province of Riau which consists of 4 regencies / cities. The data used is primary data and secondary data. Sampling is done by using a purposive sampling method. The respondents are supervisors, administrators and members of cooperatives. In general, sampling is done according to the data in Table 2

Table 2. Research Sample Distribution

Sampel	Pekanbaru	Kab. Siak	Kab. Kampar	Kab. Pelalawan
Supervisor*	5	5	5	5
Administrator**	10	10	10	10
Member***	25	25	25	25
Total	40	40	40	40

Information:

- * Cooperative supervisors are members selected from and by members of the relevant cooperative consisting of 1 (one) person for 1 (one) cooperative.
- ** The management of the cooperative is an individual who is chosen from or non-member consisting of the Chair and Secretary for 1 (one) cooperative.
- *** Members of cooperatives are people who own and simultaneously use cooperative services consisting of 5 (five) members for 1 (one) cooperative.

The formulas used are as follows:

$$P = F / N \times 100\%$$

Information:

P = Percentage

F = Frequency

N = Total number

The presented data is then recapitulated and given the following criteria [11]:

81% -100% categorized as Very Optimal

61% -80% is categorized as Optimal

41% -60% is categorized as quite optimal

21% -40% is categorized as less than optimal

0% -20% categorized as Not Optimal.

3 Results and Discussion

Cooperative entrepreneurs are people who have the ability and willingness to innovate or get strategies for cooperative development. On the shoulders of cooperative entrepreneurs, it is expected that cooperatives will have competitive advantages from other business entities that become competitors.

From the data obtained, the researcher found out that Indicator Placing cooperatives as market rulers by means of vertical integration of cooperatives contributed on the percentage of 50% said YES, and 42.5 % said NO, while only 7.5 said DOUBT. Then, the indicator Ability to reduce transaction costs due to cooperative identity where members are owners and customers indicated that 77.5 % said YES, 15% said NO and only 6.67 stated DOUBT.

On the indicator of the role of entrepreneurial cooperatives in the province of Riau is quite optimal. Cooperative entrepreneurship which answered "YES" was 44.17% smaller than those who answered "NO" as much as 48.33% and the remaining 7.50% answered "DOUBT". It means that cooperatives in Riau province have not been able to create vertical/horizontal integration of the same product to control selling prices so that they can compete with non-cooperative products. Vertical integration from upstream to downstream businesses will have very high efficiency and the added value generated is enjoyed by members of the cooperative. In line with TS Partomo and AR Soejoedomo [12] who mentioned it is considered that the cooperative network is a collaboration of primary cooperatives that join into secondary cooperatives formed from larger regions (for example Kecamatan), then several secondary cooperatives join tertiary cooperatives at the level district / province.

Ronald Coase in J. Ropke [13], North and Thomas [14], said the choices between coordinating production through a market mechanism or hierarchy will depend on the relative costs of the two alternatives and divide transaction costs into information search costs, the negotiation and concluding costs, and the contract implementation costs. The role of cooperative entrepreneurs' indicators are categorized as optimal in reducing transaction costs. Cooperative entrepreneurs who answered yes at 77.5% were bigger than answering not at 15.83%. In fact, Anis Nur Aini et al [15], in his research concluded that the transaction costs borne by farmers of KUD members were lower than those of KUD nonmember.

Asmini [16], Hendar and Kusnadi [17], Interlinkage markets is the relationship of transactions between market economic actors and its use is the duty of this CEO to create mutually beneficial cooperation and the way of actors in it.. The role of cooperative entrepreneurship in Riau province in utilizing interlinkage market is categorized as very optimal. Cooperative entrepreneurship that answers yes by 85% is greater than answering not by 8.33%.

Entrepreneurial role indicator in the utilization of trust capital is the utilization of ease of capital accumulation because the cooperation of cooperative members is categorized as very optimal at 83.33%. Bourdieu [18] explained social capital as "Resource that results from social structure". Putnam [19] mentioned "Features of social organization, such as trust, norms, and networks. While Fukuyama [20] defines "social capital is an instantiated informal norm that co-operation promotes between individuals." As a human based association, cooperatives rely on social capital as a support for their survival.

Today's business competition has created a climate of business uncertainty, so that it can complicate the planning and controlling cooperative entrepreneurship as managerial. Govindarajan [21] asserted that perceived business environment uncertainty is the important factor in cooperative companies because it is difficult to predict. Duncan [22], also argues that

business environment is an individual's limitation in assessing the probability of a failed or successful decision. Whereas Luthans [23] suggests environmental uncertainty is the situation of a person, to predict the situation around so try to do something to deal with the uncertainty of the environment. In line with Fisher [24], in conditions of high uncertainty, it is difficult for individuals to predict the failure and success of the decisions they make. Thus, an indicator of the role of entrepreneurs in controlling uncertainty is due to the existence of an internal market for cooperatives. This role is able to eliminate the failure of the inability of products / services to be sold by cooperatives is categorized as very optimal. Cooperative entrepreneurs who answered "YES" by 87.50% greater than answering "NOT" by 8.33%.

A person who will become an entrepreneur must have the ability to innovate [25]. It is needed to apply creativity in order to solve problems [26]. Hendro [27] and Mubarak [28], explained Creative mindset will help solve problems in order to find solutions, be able to find new ideas, ideas, opportunities and inspiration and find innovative solutions. Cooperative entrepreneurship indicators in the ability to create innovation are categorized as less than optimal.

Indicators of the role of cooperative entrepreneurship in the development of the benefits of participation are excellence because there are contributive participation and incentives in Riau province are in the optimal category. In this indicator, the sample answers yes by 58% is greater than answering NO by 33%. Thus, Emil Fatmala and Yanti N Muflikh's research [29], concluded that the factors influence participation are social benefits. Economic benefits have less influence on member participation. As Roepke's view [30], member participation is the most important factor in supporting the success or development of an organization including cooperatives. Through participation, all aspects related to the implementation of objective achievement activities can be realized. Without member participation, the possibility of low or decreasing efficiency and effectiveness of members in order to achieve cooperative performance will be greater.

Indicator Creating economic of scale is the ability to save obtained because of the addition of production capacity. This will result in an increase in the use of raw materials and purchase in large quantities. It will reduce the purchase price of the material, so that the cost of the output unit can finally be pressed. The role of cooperative entrepreneurship in creating economic is in the category of optimal enough. The answers "YES" by 54% is greater than answering "NOT" by 40%.

4 Conclusion

Based on the results of research on the role of entrepreneurship in increasing cooperative competitive advantage by placing cooperatives as market rulers, reducing ordinary transactions, utilizing interlinkage markets, social capital, reducing uncertainty, innovation, developing participation and creating economic of scale in Riau province on average categorized as optimal.

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