

## **STAKEHOLDER ENGAGEMENT BETWEEN KPSBU AND DAIRY FARMERS**

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**Abstract-** *A large number of people in rural Indonesia are depending on agriculture for their livelihood. But the development of Indonesian agriculture has not brought many benefits to these people, and has a little impact on rural poverty. In a developed and populous country such Indonesia, the problem of rural poverty cannot be resolved by redistribution of land that is in short supply. Dairy farming is an alternative that can be an answer from the problem above. But dairy farming needs further attention so this sector can grow. Besides, dairy farming is basically not deviate from local community customary habit. So, this occupation is easier to be implemented and developed. The growth chance of dairy farming sector in Indonesia is increasing when the cooperative system for dairy farming is introduced in some of rural area. In Lembang, there is a one of 5 biggest cooperative in Indonesia, it is Koperasi Peternak Susu Bandung Utara –namely KPSBU. The main product is dairy milk. KPSBU held many events, activities, and programs to stimulate the milk productivity of dairy farmers by increasing the members' wealth which is the KPSBU's main focus in their sustainability. The author conducted a qualitative research with ethnography approach by observation. This research is research on stakeholder engagement that conducted and conducting between the dairy farmers and KPSBU and comparing it with AA1000SES (2011).*

*Key Words: Dairy Farmers, Cooperative, Engagement.*

### **Intoduction**

Dairy farming is an alternative to increasing the local community welfare. This occupation has been conducted by rural citizen besides cultivating that needs more land. For developing this sector, dairy farming needs a further attention. So, Government has introduced the cooperative system by providing various services to improve dairy farming as a whole. By joining the cooperative, farmers are able to raise funds through savings or credit activities and improve dairy farming through the services provided by the cooperatives. Cooperative is an autonomous association of persons who voluntarily cooperate for their mutual social, economic, and cultural benefit. According to Undang-undang Republik Indonesia number 25 of 1992, explained that cooperative is a legal entity established by individuals or Cooperative legal entity, with the separation of the members wealth as capital to run business, which meets the aspirations and needs of economic, social, and culture accordance with the values and principles of cooperatives.

Hence, the main focus of this research will be to access the role of dairy cooperative service in the development of cooperative's member welfare, with a case study of Koperasi Peternak Susu Bandung Utara (hereafter, KPSBU) which located in Lembang. KPSBU is a primary cooperative that covers only a portion of the region, namely Lembang and its surrounding areas. KPSBU have nearly 7000 active members of dairy cattle. As cooperative, KPSBU provides access for its members to develop and improve their personal economic and welfare.

## **Literature Review**

### ***KPSBU***

KPSBU stands for “Koperasi Peternak Susu Bandung Utara” or North Bandung Dairy Farmers Cooperative, is one of the primary milk cooperative that established on August 8th 1971. KPSBU located at Komplek Pasar Baru Lembang in Lembang, North Bandung. Generally, KPSBU has a goal to produce a fine core commodity- fresh milk that produced by farmers. In addition, KPSBU also seeks to improve the welfare of its members in order to improve the public nutrition. Has been exist for almost 43 years, KPSBU’s fundamental is its cooperative and milk purity which mentioned as “Murni susunya, murni koperasinya”.

### ***Ethnography***

Ethnology is a branch of anthropology that analyzes cultures, especially in regard to their historical development and the similarities and dissimilarities between them, (formerly) a branch of anthropology dealing with the origin, distribution, and distinguishing characteristics of the races of humankind. The core of Ethnography is an attempt to show the meanings of actions from what happened to people who we want to understand. Some meanings are expressed directly in the language, and some of the meaning that received, many of them are only indirectly delivered through words and deeds. Even so, in the community, people still use a complex system of meaning to regulate their own behavior, to understand themselves and others, as well as to understand the world in which they live. This is a system of meaning their culture, and ethnography always implies a theory of culture (Spradley, 2007, hal. 5). This research will be done by using ethnography approach to get the data and information. Generally, the author is using participant observation continued by analysis.

### ***Stakeholder***

Stakeholders are those who affect and/or could be affected by an organization’s activities, product or services and associated performance. This does not include all those who may have knowledge of or views about the organization. Organizations will have many stakeholders, each with distinct types and levels of involvement, and often with diverse and sometimes conflicting interests and concerns (Accountability-Team, 2011). Stakeholders in this case are divided into two groups. The first group is the members of KPSBU, which are dairy farmers. The second group is KPSBU. These two groups have a different perspective, but meet each other.

### ***Stakeholder Engagement***

Stakeholder engagement is the process used by an organization to engage relevant stakeholders for a purpose to achieve accepted outcomes (Accountability-Team, 2011).

Stakeholder engagement must:

- Clearly define scope;
- Have an agreed decision making process;
- Focus on issues material to the organization and/or its stakeholders;
- Be integral to organizational governance;
- Be transparent
- Have a process appropriate to the stakeholders engaged;
- Be timely; and
- Be flexible and responsive.

### ***Methodology***

There will be 4 steps to analyze the phenomenon; which are problem identification, data collection, data analysis, and conclusion. These steps need to be done in order to complete the project.

### ***Problem Identification***

The first step in conducting this research is to define problem. The problems that have been defined will be analyzed further in this research and given by recommendation of problem analysis. Based on the problem identification, this research will analyze the stakeholder engagement level between KPSBU and its member.

### **Data Collection**

To do the research smoothly, some ways and techniques are needed. The methods used are:

1. Observation is used to observe directly and indirectly about the subject. Observer is the person doing the observation, while the object of observation is observee.
  - a. Direct Observation; Observer directly observing observee's behavior.
  - b. Indirect Observation; Observer observing observee's behavior indirectly, such as through someone's story, recordings, or photographs made others.
2. Interview; are used to hold communication with the relevant parties. Some of them are employee of KPSBU and cattle farmers who are also members of KPSBU.
3. Documents used as a secondary data and a reference in daily research.

To collect the data from them, observation and interview method are conducted to them. Mostly, the author does the observation first and followed by interview. Due to the main focus of this research is the ethnography of local community of Lembang, so the subjects in this research are divided due to their position as stakeholder. Stakeholders in this case are divided into two groups. The first group is KPSBU, while other is KPSBU's members which are dairy farmers. The first group is KPSBU. The whole entire organization, there are some departments that most widely associated with the members and used as key informants for this research, which are Regional Coordinator, Counseling Department, Production Department, Production Department, Store Department, Forage Department, Artificial Insemination and Cattle Health Department, and Health Care Department. And the second group is dairy farmers, which are KPSBU's active member. Their total amount is about 7000 people and spread all over Lembang. Some members who lives far away from Lembang district, usually very depended on their needs of household from KPSBU. Some of areas are a, b, c, d, and e. But to get more data, the author using deep interview to some key informants. Those are Pak Endit and his family. The author chooses them because of their capability in cultivation and dairy farming. Their achievement seen from local community's respect, amount of cattle, dairy farming skill, and awards from KPSBU as a productive dairy farming.

### **Data Analysis**

Data analysis starts by examining all the data available from various sources, namely interviews, observations that have been written in the field notes, personal documents, official documents, images, photographs, and so on. After read, studied, and analyzed, the next step is to organize the data reduction is performed by way of a summary of the core, with the statements that need to be maintained so that it remains within it. The next step is arranging the units. Units have been categorized in the next step. The categories were created while coding. The final stage of data analysis is the examination of the validity of the data entered. After this stage now begin the process of data interpretation stage results while being substantive theory by using a specific method. The methods that used to analyze the data is stakeholder engagement level matrix. The method used is Stakeholder Engagement Level. This method is for determining the methods of engagement.

### **Sequence of Data and Analysis**

#### **KPSBU**

Nowadays, KPBU has an organization built for their purpose, which are business and service. With this form of structure that existed, KPSBU can provide and accommodate the members' aspiration. The highest structure is the meeting of members. The Meeting of Members is a forum member to make decisions and the highest authority which are responsible for:

1. Determining of the base budget;
2. Public policy (management, business organizations and cooperatives);

3. Election, assignation and dismissal of boards of administrators and/or supervisors;
4. Work plan, budget, revenue plan, and attestation of financial statements;
5. Accountability ratification;
6. Business Revenue (namely - SHU) Distribution;
7. Merger, establishment, consolidation, and dissolution

The next is the members. KPSBU was established by the group of dairy farmers. They built KPSBU to stimulate their productivity and increase their welfare. Until now, KPSBU's priority is to increase the dairy farmers' welfare. KPSBU as cooperative organization could not be separated from the contributions of its member. And the member should obey KPSBU's rules and law. The next organization is the board of supervisor. The board of supervisor are an organizational device that chosen by the members and supervise on how the organization and the business unit run. The board of supervisor is responsible to the Member Meeting. Their duties are supervising the implementation of the policy and the management of cooperative, and making a written report based on the results of their supervision. KPSBU's employees assigned and dismissed by the board of administrators according to Member Meeting. And the next is the board of administrators. they become authorized holder of the Member Meeting. The task of the board is managing the cooperative effort, issuing work plan and revenue budget plan and spending plan, issuing Accountability ratification, holding Member Meeting, financial and inventory bookkeeping orderly, and maintaining book list of members and board. While the authority of board of administrators is: representing the cooperative within and outside the court; accepting and rejecting new member, and dismissing member; and utilizing cooperative in accordance with its responsibility.

The next is manager, is an employee that given authority by board of administrators to developing business units efficiently and professionally. Manager's relationship with board of administrators is contractual, which means it can be assigned and dismissed by the board. Manager's duty and responsible is: leading every business unit and member, help in providing suggestion in planning to board of administrators, formulating policy implementation, helping board of administrators in determining their subordinate job, and determining qualification standard in recruiting and promoting employees. The chief of manager is Agus Rahmat Indra Jaya, SE.

The manager managed business and service units for the implementation of KPSBU's program. The programs are divided into business units. These business units that have a direct impact to the improvement of dairy farmers' welfare are Waserda (Grocery Store), Production Department, Counseling Section, Milk Treatment Section, Artificial Insemination and Cattle Health Department, and Forage Department. Each has their own duty to conduct. On the other hand, dairy farmers have their own responsibility for the improvement of the cow's productivity. They make a group for open discussion and control each other productivity. They live among community with same occupation, so they made a system to accommodate their need to KPSBU.

### **Conclusion**

According to AA1000 Stakeholder Engagement Standard 2011, successful engagement should define and understand clearly why to engaging, what to engaging and who needs to be involved in the engagement. These three points are the key factors to do the stakeholder engagement in organization. In operations category, KPSBU and Dairy Farmers have same focus in improving the quantity and maintaining the quality of the milk. With same focus, they divided each role in this focus. Dairy Farmers focus in producing the milk from the cow and then they deposit it to KPSBU to be processed further. While KPSBU is supporting the Dairy Farmers' productivity by empowering them with forage supply, intensives, and counseling. While in strategy category, KPSBU works together with Dairy Farmers in many sections. The organizational structure in KPSBU should be composed of the member itself. With this policy, the KPSBU organizational structure would be more stable, due to their local knowledge and wisdom. Besides, there is a highest structure of decision planning which handed to the Meeting of Member, which can decide the policy and the directives of KPSBU itself. The subject matter is Lembang citizen's occupation as dairy farmers. Dairy farming

broadly is cattle health care, milk production, and forage supply. While their productivity supported by the bi-weekly payment, the SHU, the financial service, and the counseling service. The organization that include in stakeholder engagement is KPSBU's service business line. This organization's service scape is in Lembang district, especially in Cibogo Cikole due to the author's research was there.

The owners of the engagement are Lembang citizen especially dairy farmers, while the stakeholder is KPSBU as the cooperative organization.

In this case, the dairy farmers are:

- Dependent on the organization's activities;
- Responsible for the sustainability of organization;
- Need immediate attention from the organization;
- And influenced on the organization's strategic and operational decision making.

KPSBU's role as cooperative organization is accommodating dairy farmers' productivity and prosperity. The level engagement that conducted by KPSBU is described on the table;

Level of Engagement	Methods of Engagement
<p><b>Consult</b> Limited two-way engagement: dairy farmers ask questions, KPSBU answers</p>	<ul style="list-style-type: none"> <li>• Survey</li> <li>• Focus Group Discussion</li> <li>• Member Meeting</li> <li>• Counselling</li> <li>• Advisory committees</li> </ul>
<p><b>Involve</b> Two-way or multi-way engagement: learning on all sides but dairy farmers and KPSBU act independently</p>	<ul style="list-style-type: none"> <li>• Member Meeting</li> <li>• Focus Group Discussion</li> <li>• Board of Supervisor</li> </ul>
<p><b>Collaborate</b> Two-way or multi-way engagement: joint learning, decision making, and actions</p>	<ul style="list-style-type: none"> <li>• Joint projects</li> <li>• Joint ventures</li> <li>• Partnerships</li> <li>• Multi-stakeholder initiatives</li> </ul>
<p><b>Empower</b> New forms of accountability; decisions delegated to KPSBU; KPSBU play a role in governance</p>	<ul style="list-style-type: none"> <li>• KPSBU decided the milk and forage price</li> <li>• KPSBU joint with local governance such as; Police Department, Animal Husbandry Department, District Major, GKSI, and Local Cooperative Ministry</li> </ul>