

**IMPLICATION OF THE LEADERSHIP, ALLIANCE STRATEGY,  
AND MANAGERS EMPOWERMENT TOWARD COOPERATIVES  
MEMBERS WELFARE THROUGH MEMBERS INNOVATION ON  
DAIRY PRODUCER COOPERATIVES - THE WEST JAVA  
AND CENTRAL JAVA, INDONESIA**

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**Abstract**

*The purpose to review an influence of leadership, alliance strategy, empowerment managers on members welfare in partial or simultaneously through members innovation. The study based on total supportive data of inactive cooperative of 40% in the West Java and 19% of Central Java, as well as the result of preliminary survey in Dairy producer cooperative shows, that there are decline of members welfare. It is predicted that the innovation in good and service production do not innovative yet beside an external factor of the member including leadership, alliance strategy, and the empowerment managers; according to the preliminary research there is intra-*

variable significant influence. A method used is descriptive survey and verification with statistical test of Structural Equational Model (SEM) to an analysis unit with 370 members. The result shows that managerial leadership, alliance strategy, empowerment managers has influences to the innovation, whether in partial or simultaneously. Moreover, the board of director leadership, alliance strategy, and empowerment managers influences to the members welfare simultaneously of 90% and the remains influenced by factors of governmental policy and competitiveness. Meanwhile, there is no influence in partially between alliance strategies to the member welfare, also no influence between empowerment managers to the member welfare.

*Keywords: Leadership, alliance strategy, empowerment managers, innovation, members' welfare, Dairy Producer Cooperation*

## INTRODUCTION

The development of total number cooperative until December 2013 in 33 provinces of Indonesia are 203.701 units, consisting of active cooperative of 143.117 units; means that there are 29.7% inactive one. Total manager and employees are 35.063 and 438.541, if correlated to the cooperative activity—providing service to the member, it is means that total ratio of managerial is 1:1005 or a manager have to serve 1.005 members in average, meanwhile the ratio of employee is 1:80 or each employee must give the service for 80 members in average, thus it can be predicted that total cooperative and the manager has influences to an influence of service in member, total cooperative in Indonesia could be categorized by the model as shown in table below.

Table 1. Development of cooperative in Indonesia (based on unit and percentage) of 2012 to 2013 periods

| No.   | Type          | Total (in unit) |         | Progress (%) |           |
|-------|---------------|-----------------|---------|--------------|-----------|
|       |               | 2012            | 2013    | Composition  | Accretion |
| 1.    | Customer      | 149.471         | 157.112 | 77,13        | 5,11      |
| 2.    | Producer      | 34.934          | 35.412  | 17,38        | 1,36      |
| 3.    | Loan & saving | 8.802           | 10.013  | 4,92         | 13,75     |
| 4.    | Service       | 1.088           | 1.164   | 0,57         | 6,98      |
| Total |               | 194.295         | 203.701 | 100          | 4,84      |

Source: *www.depkop.co.id* of 2014, data proceed

Table 1 showing total cooperative in 2013 of 203.701 units, the rate of increase of 4.84% compared to 2012. According to the type of consumer cooperatives dominate total number of 157.112 units, reaching 77.13%, cooperative manufacturers total number of 35.412 units or

reached 17.38%, hereinafter savings and loans reached 4.92% or 10 013 units and cooperative services reached 0.57%, or 1.164 units. Overall all types of cooperatives experienced increase in rate, the smallest producer cooperatives only 1.36% compared to other types of cooperatives whereas when seen from the cooperative was ranked number two as well as a change from previous years, it is predicted that there is a problem, including the lack of safety net in the form of regulations on the management of producer cooperatives/real unit managed by the cooperative after Act No. 25 of 1992 on cooperatives, when compared with the kind of savings and credit cooperatives existing government regulations and decisions minister and others. In line with the opinion of Burhanuddin Abdullah (Pikiran Rakyat, March 2015) that “judging from the growing total number of cooperatives now reach 200.000 units, but only 30 to 40% were alive, and even then not of the real sector, the no real cooperative sector progress because the government does not lead to there, the forward was loan and saving one”. The producer cooperatives including in the real sector are agriculture, fisheries, animal husbandry, handicrafts soybean procurement of raw materials and others. One of them is the field of dairy cattle that produce the main products dairy cattle hereinafter called Core bussines. The conditions above are highly correlated well with the KPS in the province of West Java and Central Java.

The problems above, motivate the authors for better determine the condition of KPS through a preliminary survey KPSBU Lembang, West Java and KUD Boyolali Mojosongo of Central Java, as shown in Table 2.

Table 2. Constraints Development KPS in West Java and Central Java.

| No    | Constraints   | KPS of West Java (%) | KPS of Central Java (%) |
|-------|---|----------------------|-------------------------|
| 1     | Prosperity /welfare for members                     | 14,66                | 16,43                   |
| 2     | Capitalization                                      | 12,17                | 13,0                    |
| 3     | Technology and information                          | 8,40                 | 6,02                    |
| 4     | Competition, unable                                 | 14,60                | 14,69                   |
| 5     | Marketing   | 7,60                 | 4,77                    |
| 6     | Instrument & facility, infrastructure unsustainable | 8,09                 | 7,88                    |
| 7     | Customer  | 8,52                 | 4,22-                   |
| 8     | Workforce, unprofessional manager                   | 8,68                 | 9,92                    |
| 9     | Innovation is weak                                  | 6,55                 | 6.22-                   |
| 10    | Weather and climate/nature factor                   | 5,68                 | 10                      |
| 11    | High cost of production                             | 5,17                 | 6,85                    |
| Total |   | 100                  | 100                     |

Source: Preliminary Survey, August 2014, proceed

Constraints experienced by development of KPS, as shown in Table 1.2 can be explained that the biggest impediment, according to the perceptions of members of farmers in West Java and

Central Java is prosperity/services to members, approximately 14.66% and 16.43% meaning that not all the members of the farmer needs are met both the needs of household members as well as economic activities such as livestock direct economic benefits cannot be felt, especially indirect economic benefits in the form of acceptance SHU tend to decline from the previous year. Competition and the ability is still weak in bargaining position of 14.60% and 14.69%. Constraints in capital 12.17% and 13.8% while dairy product marketing constraints and diversification of commodity dairy products around 7.60% and 4.77% as well as other constraints such as Information Technology and also members innovation. In accordance with some of the results of previous studies, providing inspiration to continue, as it has a significant influence on the variable of alliance strategy, empowerment managers, members's innovation whether in producers/farmers and workers who have an impact on the members welfare thus leadership used are transformational and transactional leadership, therefore referred to the full range of the Leadership Model (Bass and Riggio, 2006: 9).

The alliance strategy regardless of form and areas the alliance, is the responsibility of the leader as Alliance Strategy in addition to reduce the potential for conflict among members is also the essence of the alliance, if viewed from the standpoint of protection purpose of business is that the opportunity/existing business opportunities can be utilized by members do not have the capital but have the skills to foster innovations together with the entrepreneur/company partners, whether through joint ventures, licensing or merger, collaboration and other forms of cooperation. As in the case of Hector Rocha and Raymond Miles (2009) that there is a relationship, a significant between leadership and management by members of the service network is the dimension of alliance strategies through educational activities are continuously based on innovation and creativity of members, but no mention of leadership as to what who played the leader, not mentioned also empowering managers bank service company that is part of the management team in executing a task, that happens business effectiveness. As noted by Quratul Ain Manzoor (2012) that empowerment is a leader in the approach to the delegation of authority to managers as a basis for achieving organizational effectiveness. In line with the opinion of Noefhoff and Moorman (2001: 123) that "Empowerment is giving responsibility and authority for managers to make decisions regarding all product development and decision-making in obtaining income". In connection with the presentation, it is thought to have something to do with the leadership of the board as a figure of empowerment and motivator manager/partner to facilitate it become innovators cooperatives, through transformational and transactional leadership and alliance strategy, thus improving the welfare of members (promotion of members) can be achieved.

The formulation of the research problem is:

1. Is the Board Leadership, alliance Strategy and empowerment manager influence the members innovations of KPS in West Java and Central Java, whether in simultaneously or partial.
2. Is the Board Leadership, alliance Strategy and empowerment manager influence the welfare of members of KPS in West Java and Central Java, whether in simultaneously or partial.
3. How does the innovations influence to the members welfare of the KPS in West Java and Central Java.

## LITERATURE REVIEW

Avolio and Bass (2005: 10-11) arguing that most of the leaders show the transactional and transformational styles as well, although they do so with different levels. In the end, the difference between the two styles of leadership is that leaders are largely transactional continue to move their organization in line with historical tradition, produces progress increases. Transformational leaders will bring their organizations into the future direction that might result in the process and the level of achievement that are clearly different.

Cooperative is the phenomenon concept that occurs in society. The reality is that individual members of the community engaged in the undertakings achieve a goal, which is concerned with the aspect of improving prosperity, by working in an organization. In the case to be achieved, namely the improvement of the prosperity of the living, in fact only a complement to the elements that build up the concept of welfare, which is the element that is both economical fulfillment. Then the cooperative is distinguished from other economic organizations, characterized in that the cooperative is economic organization based on family principles so called because in achieving the economic objectives is conducted by interacting between all people involved in it, both among those classified as members, administrators, supervisors, managers and employees, which is based on the behavior patterns of cooperative organization culture. Given the cooperative interaction between human resources, expected that it will undergo future business development. Thus the proper leadership in the cooperative is transformational and transactional leadership, because in addition to Servant Leadership, also all dimensions in transformational leadership has the ability to change the value system subordinates to achieve a common goal which is to provide services to members. This objective can be achieved by developing one or all of the factors that constitute the dimensions of transformational leadership, like the charisma of the leader changed form the idealized Influence, inspiration motivation, intellectual stimulation, and the individual consideration and

transactional leadership with Contingen reward character will explain the goals and objectives to be achieved and directing subordinates to achieve it.

Alliance Strategy is a form or multiple forms of cooperation, such as joint ventures and partnerships, the organization of public services, the parent company or merger, collaboration and alliance marketing, net working where the emphasis is on creating a partnership between the two organizations profit and non-profit with the main purpose to promote the marketing, finance, human resource development and technology transfer for the prosperity of the members of the partnership (Mark B.Redfield 2002: 7).

Empowerment according to Quratul Ain Manzoor (2012) as a leadership approach, the basic management and organizational effectiveness, Danis RQ & A. Usmara (2010) suggested the empowerment is delegation of authority and provides the freedom to develop potential managers.

According to David Clutterbuck (2003), Empowerment is the transition of power in a controlled manner from the management to the employees to achieve the company's long-term objectives as a whole. Similar with Noefhoff Mooman et al (2001), that "empowerment is all activities and granting authority to employees in performing their duties in a responsible and confident. Another case Carter, Tony (2009) connects the Enterprise that the Empowerment fosters innovation, creativity, motivation and instills shared values to promote and atmosphere for Learning Accomplish while Mitchel (1998) in his research explained that the empowerment of how the leadership, making capable employees performing work, communicating openness smoothly support job satisfaction Empowerment leadership way, make capable employees carrying out the work, communicate fluently openness supporting job satisfaction. Empowerment intensity turned out to influences the employees' desire to get out, move or turn over Labour. As research results Umashankar and Kulkarni (2002: 34) described that the higher the intensity of employee empowerment, the lower the desire of employees to work out or move to another company. How empowering is it ben done? The next Umashankar and Kulkarni (2002: 46) describes his research on hotels in India, China, South Korea and Singapore produce a significant difference between empowerment from the dimensions Meaning, Impact, Competence, and Choice on employee motivation and satisfaction of employees environmentally-luxurious hotels in four countries. This concurs with Nurdan Ozarali (2002: 336) that empowerment as a core knowledge is the result of increased motivation task consists of 4 knowledge: 1) Meaning (Value of work goal or purpose), 2) Competence (Self Efficacy), 3) Self-Determination (autonomy in the initiation of work Behaviour), and 4) impact (the degree to wich the individual's behaviors can make a difference and influence on work outcomes): means that there are required 4 knowledges on the understanding of the value and usefulness of the work,

competence, independence in the initiative and behavior continuous working as well as the impact of the rate at which behavioral changes individu different and influence the work. Furthermore, there are three dimensions in the empowerment process as follows:

1. Perceived control (an internal urge or drive to influence and control other),
2. Perceived Competence (self-efficacy belief to mobilize the motivation, cognitive resource and courses of action needed to meet situational demands) and,
3. Goal internalization (as an energizing element a goal, a valued cause or meaningful project).

Dissimilar with Haozan Wang (2012: 45), the study states that there is a relationship between the four dimensions of empowerment meaning that work, Self-Efficacy, Self-Reliance, and the influence of work on the intrinsic motivation of front office employees in providing services. In accordance opinions Zimmerer, in Yuyus Suryana and Kartib Bayu expecting new ideas, and always ask “is it possible” or “why not” and the use of innovation into practical activities. Furthermore, between creativity and innovation is very supportive of one another. Creativity can be defined as the ability to create new combinations-new combination or see new relationships, between elements, data and variables that have been there before while innovation is an attempt to create, find, and accept new ideas derived from the results of creative thinking.

Hubeis (2005: 69) arguing that innovation as a information relating between input and output. Furthermore, there are two things: product innovation and process innovation, which is a change associated with efforts to upgrade and improve existing resources, modify it to make something of value. Creating new things that are different, converting a material into a resource and incorporate any resources into new, more productive configuration, whether directly or indirectly in the pursuit of excellence. Innovation is a set of technology and science in accomplish the stipulation. Mc Graith & Mac Milan (2000) “innovation is the ability to apply creative solutions to problems and opportunities. Innovation as specific tools of entrepreneurship is defined as “a mindset that shape the behavior and someone who is always action-oriented, think simple, always seek, pursue, take the best opportunities, focus on execution and focus energy on businesses and form a network to reach common goals Same context to search for business opportunities are the best, as researched by Mueller Jens, et al (2008) that entrepreneurship is the ability to always think creatively, looking for a challenge and an opportunity in real life associated with the impact of creativity in the community that is sustainable (Creating, Challenging, including a real Life, connecting, creating effects, sustainable community). Referring to previous research about innovation, Silvana Trimi, Jasmina B, and Mirahent (2012: 454) defines it as “a person's ability to always focus on the products and services to enhance the uniqueness of the core business involving the design of

new products and new processes are different". Improved economic conditions members may be quantitative or qualitative is a cooperative ministry impact on households or businesses productive members of the economy. Quantitative impact on the type of cooperative producer/marketing can take the form of price efficiency of cooperative purchasing goods cheaper input and selling prices of manufactured goods more expensive valued member of the cooperative. Furthermore Taty S. Joesron (2013: 10) arguing that the efficiency of freight costs, information costs, promotional costs, contract costs can be saved because the cooperative to reduce transaction costs (direct economic benefits) and profit sharing for members (indirect economic benefits). In addition to expert opinion/character of the concept of the welfare of members of the above, the following is proposed definition of the welfare of members Ropke Jochen (2000: 40). Members welfare is a synergistic effort to meet the interests of members (participation test) as a result of competitive advantages.

Benefit is defined as the subjective value of an alternative open to anyone. In this case the "value" or the value of demonstrating the potential capacity of an object or action to satisfying human needs. This requirement can be viewed from the perspective of economic and non-economic.

## **Hypothesis**

There is the influence of leadership, alliance strategy and empowerment manager toward member innovations of the KPS in West Java and Central Java, whether in partial or simultaneously, consisting of:

Hypothesis 1 : Board Director Leadership bring positive influence partially toward member innovations

Hypothesis 2 : Alliance Strategy bring positive influence partially toward member innovations

Hypothesis 3 : Managers Empowerment bring positive influence partially toward member innovations

Hypothesis 4 : There is the influence of Board director leadership, alliance strategy and Managers empowerment toward member innovations of the KPS in West Java and Central Java, whether partial or simultaneously,

There is the influence of leadership, alliance strategy and managers empowerment manager toward the welfare of members of the KPS in West Java and Central Java, whether in partial or simultaneously, consisting of:

Hypothesis 5 : Board of Director Leadership partially positive influence toward the members welfare

Hypothesis 6 : Alliance strategy positive influence partially toward members welfare



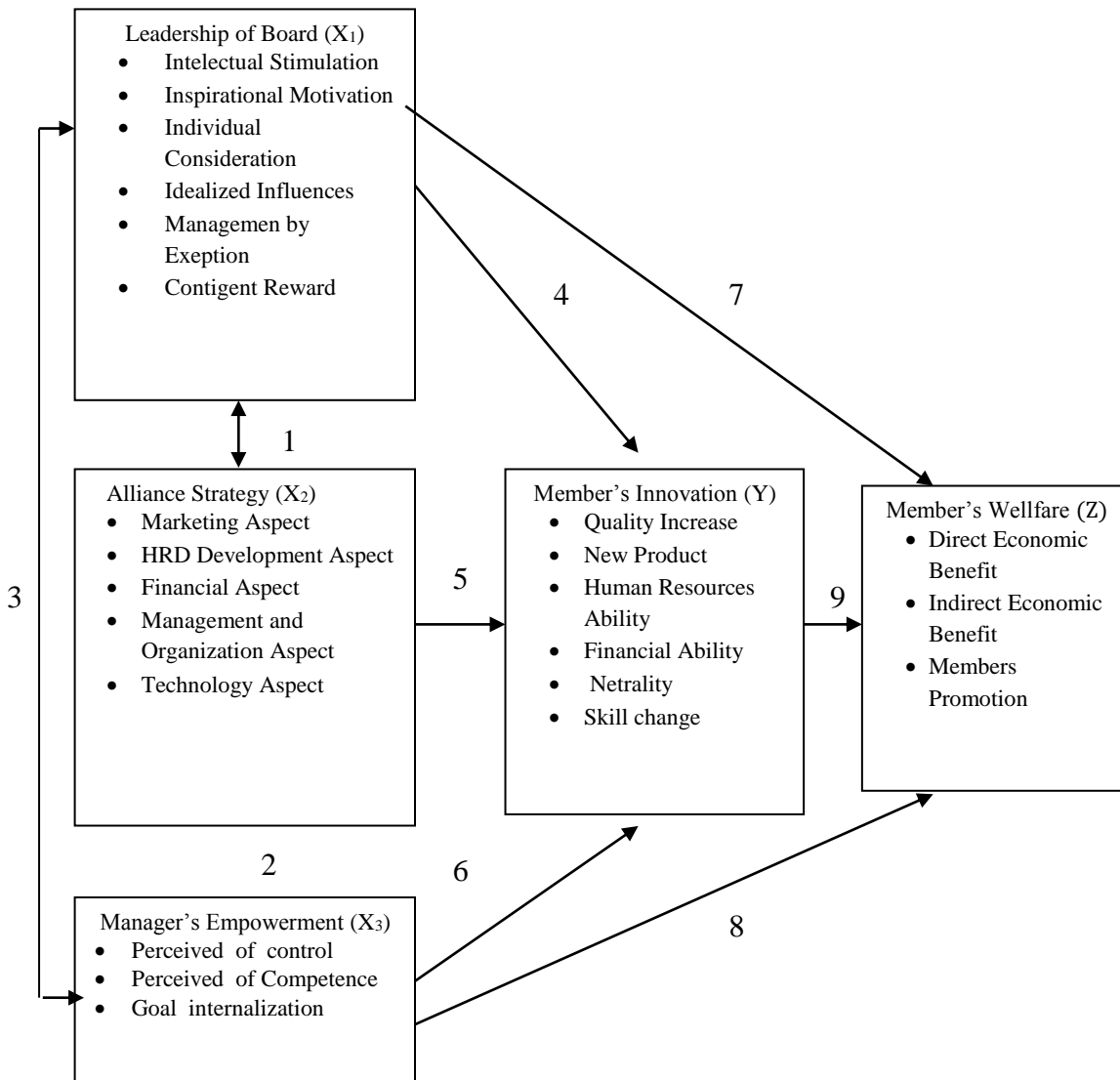
Hypothesis 7 : Managers Empowerment partially had positive influence toward members welfare

Hypothesis 8 : There is the influence of Board leadership, alliance strategy and managers empowerment toward the members of the KPS in West Java and Central Java

Hypothesis 9 : Members innovations had positive influence toward members welfare of KPS in West Java and Central Java.

## RESEARCH METHODS

### Research Design



For the study purpose, a descriptive research design is adopted.

## Population and Sample

The unit of analysis in this study is Dairy Producer Cooperative in West Java and Central Java are shown in Table 1.

Table 1. Allocation Population Target

| Province     | Location City/District             | Cooperation Unit | Board and Manager | Members (*) | Information   |
|--------------|------------------------------------|------------------|-------------------|-------------|---|
| West Java    | West Bandung                       | 22               | 58                | 2390        | *Member have 5-7 cows<br><br>* Independent and sustainable businesses |
|              | Nort Bandung                       |                  |                   |             |   |
|              | South Bandung                      |                  |                   |             |   |
|              | Sukabumi                           |                  |                   |             |   |
|              | Bogor                              |                  |                   |             |   |
|              | Tasikmalaya                        |                  |                   |             |   |
|              | Sumedang                           |                  |                   |             |   |
|              | Garut                              |                  |                   |             |   |
|              | Cianjur                            |                  |                   |             |   |
|              | Kuningan                           |                  |                   |             |   |
| Central Java | Boyolali                           | 21               | 52                | 2415        |   |
|              | Klaten                             |                  |                   |             |   |
|              | Salatiga,                          |                  |                   |             |   |
|              | Purwokerto                         |                  |                   |             |   |
|              | Semarang District<br>Semarang City |                  |                   |             |   |
| <b>Total</b> |                                    | <b>43</b>        | <b>110</b>        | <b>4805</b> |   |

The sampling method used in this study by two stages. First method is purposive random sampling. In this case the breeder members who have independent economic activities and sustainable business also has 5 to 7 cows. (Bungaran Saragih, 2001).

Based on the data, members who have cows and that criteria, until the year 2013 as many as 4805 members in 22 Dairy Producers Cooperative in several district of West Java and 21 Dairy Producer Cooperative in Central Java. (Joint Cooperative Dairy Company Profile / GKSI West Java and Central Java in 2014).

The sample size in this study, is determined based on the formula Slovin in Ridwan (2005):

$$n = \frac{N}{Nd^2 + 1}$$

n = sample size

N = Population

d = degree of error within the tolerance limit of 5%

Based on the Slovin formula, then the sample size in this study are:

$$n = \frac{4805}{4805(0,05)^2 + 1} = \frac{4805}{13,0125} = 369,2 \approx 370$$

Method used is descriptive survey and verification with statistical test of Structural Equational Model (SEM) to an analysis unit with 370 members of Dairy Producer Cooperative. Data calculated by using software Lisrel 8.8

## **EMPIRICAL RESULTS AND DISCUSSION**

### **The influence of Board Leadership, Alliance Strategy, Manager Empowerment toward the Members innovations whether in partial or simultaneously on KPS in West Java and Central Java**

Based on the draft study was conducted as tested CFA, for all variables the result is reliable. First, an influence of Board Leadership tested on member innovations, the alliance Strategy to the members innovations, continued influence of managers empowerment to the members innovations and the latter is influence of Board Leadership, alliance strategy, managers empowerment toward members Innovations of KPS's West Java and Central Java.

#### ***Influence of Board Leadership toward the member innovations***

In the analysis of structural models tested between variables that have previously hypothesized, to test the hypothesis 1:

Results of hypothetical testing by LISREL:

By the results, it can be seen that the coefficient of latent variable exogenous Board Leadership ( $\xi_1$ ) on latent variable endogenous members innovations ( $\eta_1$ ) of 0.133, showed a very low positive direction between Board Leadership ( $\xi_1$ ) with members innovations ( $\eta_1$ ). T-value of 2.151 is greater than the prescribed critical limit of  $\pm 1.96$ , thus  $H_0$  is denied, which it means there is significant influence of the Board Leadership ( $\xi_1$ ) on Member innovations ( $\eta_1$ ). It shows the higher the Board Leadership ( $\xi_1$ ); it will increase total members innovations ( $\eta_1$ ), meaning Leadership transformational (Inspirational Motivation) played the board more effective than Board Transactional Leadership in encouraging innovations of KPS's member so the members are motivated to change the mindset of the more creative in business of dairy cattle and diversify its products. It is according to research of Feng Wei, Yuan Yan Di (2010: 30), Ozarali Nurdan (2003: 355), Abdurahman Pakaya (2012) and Yuyun Wirasasmita (2013).

### ***Influence of alliance Strategy toward Members Innovations***

Exogenous latent variable coefficient of alliance Strategy ( $\xi_2$ ) on Member innovations endogenous latent variables ( $\eta_1$ ) of 0.204, indicating a low correlation with the positive direction between alliance strategy ( $\xi_2$ ) with Member innovations ( $\eta_1$ ). 3,405 t-value is greater than the prescribed critical limit is  $\pm 1.96$ , thus  $H_0$  is denied, which means there is significant influence from alliance strategy ( $\xi_2$ ) on Member innovations ( $\eta_1$ ). This shows the higher the alliance Strategy ( $\xi_2$ ) will improve Member innovations ( $\eta_1$ ). It means a alliance strategy seen from some aspects of the right partnership, especially the dominant aspects of Capital and Technology to support the Member aspect trained to improve the innovations form produces dairy products that have a high value, and strengthen the bargaining position. It is a linear manner according to research from Hector Rocha, Raymond Muller (2009: 8), Trimi Sylvana (2012) and Mohammad Iqbal (2004). Thus Hypothesis 2 answered.

### ***Managers Empowerment to influence toward Member innovations***

In Structural Equation Model predetermined and has arranged before, to test Hypothesis 3, is the coefficient of the latent variables exogenous Managers Empowerment ( $\xi_3$ ) on latent variable endogenous members innovations ( $\eta_1$ ) of 0.653, indicating a strong relationship with the positive direction between Empowerment manager ( $\xi_3$ ) with Member innovations ( $\eta_1$ ). t-value of 8.370 is greater than the prescribed critical limit of  $\pm 1.96$ , so  $H_0$  is denied, which means there is significant influence of manager Empowerment ( $\xi_3$ ) on Member innovations ( $\eta_1$ ). It shows the higher manager Empowerment ( $\xi_3$ ) will increase members innovations ( $\eta_1$ ); means that manager Empowerment based high competence (general Bachelor of Livestock, veterinarians, Bachelor of Economics and Business) in accordance with the business KPS can support the efforts of member to be more innovative, This is in line with research of Jens Mueller, Vicki West, et al (2008), Hosseinzadeh and JY Farsi (2014: 265), Allan O'Connor and Jose M Ramos (2006).

### ***The Influence of Board Leadership, alliance strategy, manager empowerment toward innovations of KPS members in West Java and Central Java***

The simultaneous examination in answer Hypothesis 4 predefined in the design verification analysis, by the following stages:

Table 2. Simultaneous Test of Board Leadership, Alliance Strategy, and manager Empowerment influence to the member innovations

|                    | R <sup>2</sup> | F       |
|--------------------|----------------|---------|
| KP, SP dan PM → KA | 0,706          | 292,966 |

Statistics test:

Based on the following test criteria:

1. Accept Ho if F value < F table
2. Reject Ho when F value > F table

Based on the calculations above, it can be obtained F value of 292.966. Because the F value (292.966) > F table (2.629), H<sub>0</sub> is denied. That is, there is a significant influence of the Board leadership ( $\xi_1$ ), Alliance Strategy ( $\xi_2$ ) and manager Empowerment ( $\xi_3$ ) on Member innovations ( $\eta_1$ ).

The total influence of Board leadership ( $\xi_1$ ), alliance Strategy ( $\xi_2$ ) and manager Empowerment ( $\xi_3$ ) toward Members innovations ( $\eta_1$ ) is indicated by the value of R square (R<sup>2</sup>), the value of R square of 0.706 indicates the contribution/influence of Board leadership ( $\xi_1$ ), alliance strategy ( $\xi_2$ ) and manager Empowerment ( $\xi_3$ ) on Member innovations ( $\eta_1$ ) amounted to 70.6%, while the remaining 29.4% influenced by other factors besides Board leadership ( $\xi_1$ ), Alliance Strategy ( $\xi_2$ ) and manager Empowerment ( $\xi_3$ ). It is means that Board leadership, an alliance strategy for the Cooperative and empowering board director are very dominant influences the Member innovations, nevertheless still influenced by other factors such as motivation, ability, and individual commitment of members to be entrepreneur in cooperative. It is accordance with the Hector Rocha Research, Raymond Miles's statement (2009),

### **An influence of Board Leadership, Alliance strategy, Managers Empowerment toward Members Welfare of KPS's Members in West Java and Central Java, whether in partial or simultaneously**

Based on research design has arranged, the test of influence between variables is done. First, the Influence of Leadership tested to Members Welfare, then Alliance Strategy to Members welfare, managers empowerment to the members Welfare in details as follows:

#### ***Influence of Board Leadership toward Members welfare***

In the analysis of structural models that have been tested between variables that have hypothesized previously, testing of hypothesis 5, has begun by

Testing results of hypotheses by LISREL:

By the results, it can be seen that the coefficient of latent variable of coefficient latent of exogenous Board leadership ( $\xi_1$ ) on latent variable of endogenous Members welfare ( $\eta_2$ ) of 0.586, shows a moderately positive direction between Board leadership ( $\xi_1$ ) with Members welfare ( $\eta_2$ ); t-value of 3,667 is greater than the prescribed critical limit of  $\pm 1.96$ , thus  $H_0$  is denied, which it means that there is significant influence of the Board leadership ( $\xi_1$ ) on Member Welfare ( $\eta_2$ ). It is shows the higher the Board leadership ( $\xi_1$ ) will improve Member Welfare his gives the sense that an influenceiveness of the Board leadership by balance of Transformational and Transactional styles can create good prosperity to the members. It is consistent with assessment of Suryanarayana (2011) and Avolio and Bass (2002), Rusidi (2002: 24-25).

### ***Influence of alliance Strategy toward Members Welfare of KPS in the West Java and Central Java***

In the model analysis structural that has been tested between variables that have been hypothesized before, then test the hypothesis 6, starting with variable coefficients latent exogenous Alliance Strategy ( $\xi_2$ ) on latent variable of endogenous Members Welfare ( $\eta_2$ ) of 0.043, showed very low with direction among positive alliance Strategy ( $\xi_2$ ) with Members welfare ( $\eta_2$ ). t-value of 0.569 is smaller than the prescribed critical limit of  $\pm 1.96$ , thus  $H_0$  is accepted, which it means that there is no significant influence of the Alliance Strategy ( $\xi_2$ ) on Member Welfare characterizes that the alliance Strategy is not only seen from the aspect aspects of partnership as a short-term but strategic partnerships can be seen from the shape of a suitable partnership such as mergers, collaboration, networking that can support the Members Welfare of KPS Members, thus the study was not consistent with research previously from Hector Rocha et al (2009) and Mark B.Redfield 2002: 7, Feng Sha in Peter Davis (2010).

### ***Influence of Manager Empowerment toward Members welfare***

In the analysis of structural models that have been tested between variables that have previously hypothesized, then the hypothesis testing 7, begins with a discussion of:

The coefficient variable of manager Empowerment exogenous latent ( $\xi_3$ ) on Member Welfare endogenous latent variables ( $\eta_2$ ) of -0.091, indicating a very low correlation with negative direction between Empowerment Manager ( $\xi_3$ ) with Members welfare ( $\eta_2$ ). t-value -0.707 is smaller than the prescribed critical limit is  $\pm 1.96$ , thus  $H_0$  is accepted, which it means that there is no significant influence of the manager Empowerment ( $\xi_3$ ) toward Member Welfare ( $\eta_2$ ). This study do not suitable to Rusidi's study (2002: 24-25), and Quratulain Manzoor (2012)

because the existence of manager at KPS in West Java and Central Java has not been empowered optimally, especially the issue of trust (Trust) of Board to give the authority/authorities in the decision making process regarding the Business Cooperation and Business members. The impact is the commitment of managers in achieving the goals of KPS (Goal Internalization) is weak. It is also not in accordance with the Act No. 25 of 1992. Article 32 of the function and role of business/managers who have to implement policy in Business.

### ***Influence of Board leadership, alliance strategy, Manager Empowerment toward Member welfare***

In the analysis of structural models that have been tested between variables that have previously hypothesized, then the testing hypothesis 8, starting with a discussion of:

The magnitude of an influence of Board leadership ( $\xi_1$ ), Alliance Strategy ( $\xi_2$ ), Manager Empowerment ( $\xi_3$ ) and Members innovations ( $\eta_1$ ) of the Members Welfare ( $\eta_2$ ) is indicated by the value of R square ( $R^2$ ), the value of R square of 0.982 contributions/show the influence of Board leadership ( $\xi_1$ ), alliance Strategy ( $\xi_2$ ), Manager Empowerment ( $\xi_3$ ) and Members' innovation ( $\eta_1$ ) of the Member Welfare ( $\eta_2$ ) amounted to 98.2%, remaining at 1.8% influenced by other factors besides Board leadership ( $\xi_1$ ), Alliance Strategy ( $\xi_2$ ), Manager Empowerment Manager ( $\xi_3$ ) and Members' innovation ( $\eta_1$ ). This means that external factors cooperatives are very dominant, and welfare issues members in direct economic benefits associated with the transaction price (Jamie, et all, 2010) it is influenced by external factors, among others, government policy support through the relevant agencies and competitors factors. Here is a table that describes the simultaneous test.

Table 3. Simultaneous Test of Board Leadership, Alliance Strategy and influence of Manager Empowerment toward the Member welfare

|                                    | $R^2$ | F        |
|------------------------------------|-------|----------|
| KP, SP, PM dan KA $\rightarrow$ KT | 0,982 | 4978,194 |

Statistics test:

Based on the following test criteria:

1. Accept  $H_0$  if F value  $<$  F table
2. Reject  $H_0$  if F value  $>$  F table

Based on the calculations above, can be obtained calculated F value of 4978.194. Because the F value (4978.194)  $>$  F table (2.396), then  $H_0$  is denied. That is, there is a significant influence of

the Board leadership ( $\xi_1$ ), Alliance Strategy ( $\xi_2$ ), Manager Empowerment ( $\xi_3$ ) against Member Welfare ( $\eta_2$ )

### ***Influence on Members innovations toward Members Welfare of KPS in West Java and Central Java***

In the analysis of structural models that have been tested between variables that have previously hypothesized, then the hypothesis testing 9, begins with a discussion of:

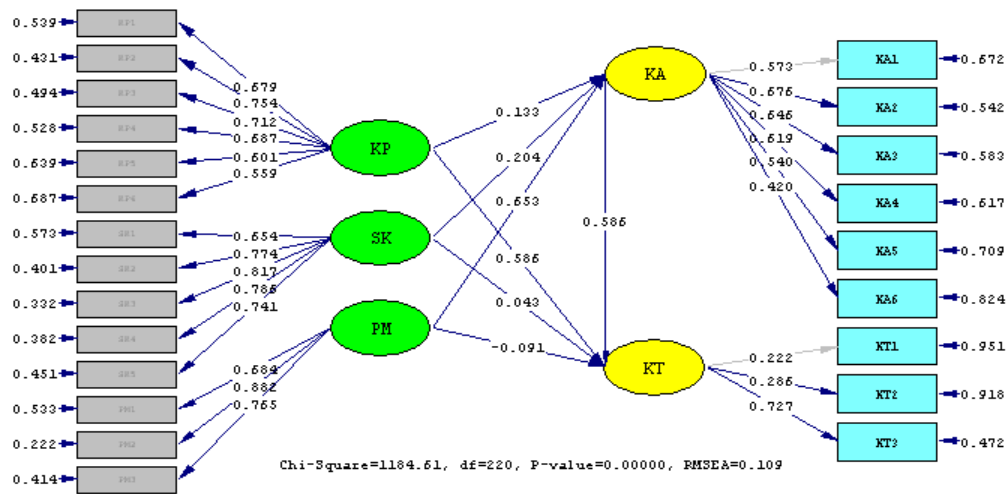
Members Welfare ( $\eta_2$ ) of 0.586, showed a moderately positive direction between Members' innovation ( $\eta_1$ ) with Members welfare ( $\eta_2$ ). T-value 2,794 is greater than the prescribed critical limit is  $\pm 1.96$ , so  $H_0$  is denied, which means there is significant influence from Members' innovation ( $\eta_1$ ) of the Member welfare ( $\eta_2$ ). It shows the higher the Members' innovation ( $\eta_1$ ) will improve Member welfare ( $\eta_2$ ). This can be explained need the support of all parties in addition to internal Cooperative also external factors that related government in accordance with its capacity. The more members of innovative management of dairy milk production, means it is capable of reading a business opportunity that promises such as selling refined products food beverages made from raw milk or processing cow manure waste to a useful product long term can reduce the cost of production at competitive prices, meaning members have nature of the Self Help, Self reliance will easily prosper its own members and the surrounding community. According to research Yuyun Wirasasmita (2013).

Thus Variable Members' innovation an intervening variable for Board leadership Member of the welfare because value total is greater than the direct influence between the two variables. As for the variable and Managers Empowerment of Alliance Strategy ability to mediate against the welfare of members, meaning that Members' innovation not an intervening variable



Comprehensively, research model shown in below:

Figure 1. Structural Model (Standardize)



## CONCLUSIONS

The Board Leadership, Alliance Strategy and Manager Empowerment can create Members innovations of Dairy Producers Cooperative (KPS) in West Java and Central Java, whether in Partial or simultaneously.

Board Leadership, Alliance Strategy, Manager Empowerment simultaneous influences on the Members welfare in partial to Board leadership seeks to improve Members Welfare through the Members' innovation still the standard. But for Alliance Strategy cannot create Members prosperity, this is because only concerning aspects of the partnership are short term in nature does not involve a form of development cooperation which can increase business scale and cost efficiencies through mergers, collaborations based innovations. Similarly, Manager Empowerment cannot prosper better Members. This happens because the manager is not empowered optimally by the Board, particularly distrust the Board in the delegation of authority related to the commitment of the business decision making KPS. and Business members.

## RECOMMENDATIONS

### Recommendations for the Practice

1. The transactional leadership style of Board Director needs to be improved by giving awards for his achievements as a member of both workers and members as entrepreneurs/manufacturers of dairy cattle, facilitate to other parties in order to improve

- the bargaining position so that there is a balance and the ability to apply the identity of cooperatives weeks to compete.
2. Alliance strategy in order to influence the innovations and the welfare of members should also be directed at development patterns that can rise the scale cooperative effort and cost efficiencies through mergers patterns based innovations Multiple String Cooperation for KPS or One Village One Product (OVOP) to KPS with had the same core business.
  3. Innovations members to rise should start from the competence and motivation of the individual members strive through education/training cooperative entrepreneurship so as to improve knowledge/paradigm (mindset) that are always looking for opportunities, production skills and mental attitude of members, the source of funds for the costs of education accumulated from the allowance of profit sharing, while the implementation in stages: the first stage and the second stage group leader is the relay group chairman, accompanied by instructors to train the members of the group on flexible time, for example, between 4:00 p.m. to 5:00 p.m..
  4. Similarly, to improve the welfare of the members in the form of acceptance of direct economic benefits in the form of transaction prices stable through intervention to related institutions in setting the standard price (purchase price provision of cheaper inputs and the selling price of milk is more expensive) than competitors.
  5. The Board of Directors should have a willingness (willingnes) to increase Empowering manager by providing delegation of authority to managers in order to have a sense of empathy for members of KPS as the owners, workers and employers/ manufacturers with emphasis on self-interest above the interests of members or the group as a commitment to the manager for internal purposes KPS (Goal Internalizational)
  6. To improve of Members innovations and Members Welfare the board should conduct periodic evaluations between the Human Resources Board to undertake a cooperative namely leadership, managers in carrying out the business and participation as a member of the owner and the customer is in compliance with statutes of KPS and bring feedback the results of these evaluations and reported to members in the meeting of members facilitated by the supervisor.

### **Recommendations for the of science development**

1. Variable of Board leadership, Alliance strategy and manager Empowerment was not proven entirely influences Members innovation of KPS in West Java and Central Java, then for subsequent research are advised to consider other factors that influences innovations

members, such as competence and motivation of trying members, administrators entrepreneurial behavior

2. Alliance Strategy and Manager Empowerment proved do not influences Member welfare, it is suggested in the next study put the variable alliance strategy as the mediator in shared variables of Manager Empowerment

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