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Performance Evaluation of Dairy Cattle Cooperatives from Five Institutional Perspectives

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ABSTRACT

This study aimed to evaluate the performance of the Sarana Makmur Dairy Farmers Cooperative (Koperasi Peternakan Sarana Makmur/KPSM) from the perspective of five institutional aspects, namely cooperative institutional aspects, business aspects, financial aspects, benefits to members, and benefits to society. The research was conducted at KPSM located in Cangkringan District, Sleman Regency, Special Region of Yogyakarta, in October 2025 using a descriptive quantitative approach. The study employed primary data obtained through interviews with key cooperative informants and secondary data derived from cooperative documents and reports. Cooperative performance was analyzed based on the Regulation of the Minister of Cooperatives and SMEs No. 21/Per/M.KUKM/IX/2015 and the Regulation of the Deputy for Institutional Affairs No. 04/Per/Dep.1/III/2018. The results showed that KPSM achieved a total performance score of 1,180, placing it in the "Good Quality" category with an AAB rating. The institutional, financial, and member benefit aspects demonstrated good to very good performance, reflecting sound governance, stable financial conditions, and tangible benefits for members' welfare. However, the cooperative business aspect and benefits to society were assessed as moderately good and require further improvement, particularly in strengthening inter-member business linkages and optimizing the distribution of surplus. Overall, KPSM has functioned effectively as both an economic and social institution, although there remains room for improvement to enhance its competitiveness and long-term sustainability.

Keywords: cooperative performance, dairy cooperative, institutional aspects, Sarana Makmur cooperative, Yogyakarta

INTRODUCTION

Economic development in Indonesia aims to create equitable prosperity for all members of society, as stated in Article 33, Paragraph 1 of the 1945 Constitution, which affirms that the economy is organized as a collective endeavor based on the principle of kinship. This principle aligns with cooperative values rooted in mutual aid, which fundamentally oppose individualism and capitalism. Cooperatives are a vital pillar of the national economy, playing a role in enhancing public welfare through the principles of economic democracy and the principle of kinship, as mandated by Article 33 of the 1945 Constitution.

As a business entity owned and managed by its members, a cooperative functions not only as an economic institution but also as a social institution that strengthens community participation, solidarity, and self-reliance. Cooperatives, as business entities and a people's economic movement, play a strategic role in improving the economic and social well-being of the community through business activities that involve members both as producers and consumers (Indriani 2018).

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Cooperatives have great potential to improve the well-being of their members, but in their development, they still face various challenges. According to data from the Kementerian Koperasi dan UKM (2023), the number of active cooperatives has dropped sharply from 209,448 in 2014 to 130,119 in 2023. This decline indicates structural weaknesses within cooperatives, including a less-than-favorable public image, limited access to capital, and the dominance of the private and state sectors, which are more appealing to the public (Kinikli & Yercan 2023). Cooperatives in Indonesia are also often lacking in innovation when it comes to developing their products and services, making them unable to meet the needs of an ever-evolving market (Puspasari & Sudibyo 2021).

A decline in the number of active cooperatives has also been observed among cooperatives operating in the livestock sector in Sleman Regency, Special Region of Yogyakarta (DIY). According to data from the Dinas Koperasi, Usaha Kecil, dan Menengah Kabupaten Sleman (2019), the number of livestock cooperatives in Sleman Regency has declined significantly, from 12 units in 2015 to just 4 units in 2019. In fact, Sleman Regency is the largest producer of cow's milk in DIY, with a contribution reaching 97.7% of the province's total milk production in 2020 (BPS DIY 2021). This decline in the number of livestock cooperatives indicates a gap in cooperative management within the livestock sector.

The Sarana Makmur Livestock Cooperative (KPSM), as a cooperative operating in the livestock sector, plays a vital role in supporting dairy farmers in Sleman. This cooperative provides various services that support milk production and marketing, addressing the challenges faced by farmers, such as limited capital, limited knowledge of modern farming techniques, and limited market access. Nevertheless, the livestock sector in Sleman still faces challenges regarding efficient management and the optimization of existing potential (Dewi *et al.* 2022). Therefore, evaluating the cooperative's performance is essential as a basis for identifying its strengths and weaknesses and formulating appropriate development strategies.

As an economic institution focused on the common good, KPSM requires accurate performance metrics to assess the extent to which the cooperative has benefited its members, both economically and socially. One way to evaluate the cooperative's performance is through a cooperative ranking system that uses five institutional aspects as its primary benchmarks. Through this performance measurement, it is hoped that we can understand how the cooperative plays a role in improving the welfare of livestock farmers and contributes to local economic development. Performance evaluation helps the cooperative identify areas that need improvement, such as financial efficiency, capital structure, and risk management, all of which contribute to long-term sustainability (Dasuki *et al.* 2016).

Previous research on livestock cooperatives has generally focused on profitability and financial performance, and thus has not provided a comprehensive picture of cooperative performance from the perspectives of institutional structure, business operations, benefits to members, and broader societal benefits. In fact, the success of a cooperative is largely determined by the organization's ability to simultaneously integrate aspects of governance, business operations, financial health, and social contribution. The novelty of this study lies in the application of a cooperative rating framework based on Kementerian Koperasi dan UKM Regulation No. 21/Per/M.KUKM/IX/2015 and Deputy for Institutional Affairs Regulation No. 04/Per/Dep.1/III/2018 to comprehensively explain the performance of dairy cooperatives through five main aspects, namely cooperative institutional structure, cooperative business operations, cooperative finances, benefits for members, and benefits for the community.

This approach allows for a more in-depth identification of the cooperative's strengths as well as areas that still require improvement. This study aims to measure the performance of the Sarana Makmur Livestock Cooperative (KPSM) based on five cooperative ranking aspects, identify the cooperative's key strengths and weaknesses, and formulate strategies to enhance the cooperative's competitiveness and commitment to supporting the welfare of dairy farmers in Sleman Regency.

METHODS

The study was conducted at the Sarono Makmur Livestock Cooperative (KPSM), located in Cangkringan Subdistrict, Sleman Regency, Special Region of Yogyakarta, in October 2025. The location was selected through purposive sampling, considering that KPSM is one of the primary dairy cooperatives serving as the main platform for dairy farmers in the Merapi foothills to manage and market their production to the dairy processing industry. Additionally, KPSM was selected due to its significant contribution to the local economy, as dairy farming in this region accounts for approximately 64.84% of total household income for dairy farmers (Fauzan 2020). A production scale reaching 8,500 liters/day in 2021 further solidifies KPSM's position as a representative research subject for evaluating its performance using national ranking standards.

This study employs a quantitative descriptive research design to describe the performance of the Sarono Makmur Livestock Cooperative. The data analyzed consists of primary and secondary data. The primary data comes from interviews with three key informants, namely the vice chairperson, secretary, and treasurer of KPSM. The selection of informants was based on their expertise and in-depth understanding of the cooperative's current conditions. Data analysis was conducted using an assessment and ranking mechanism based on Kementerian Koperasi dan UKM Regulation No. 21/Per/M.KUKM/IX/2015, which is included in the appendix to the Deputy for Institutional Affairs Regulation No. 04/Per/Dep.1/III/2018 regarding Criteria and Indicators for Cooperative Ranking. These regulations establish five main assessment aspects with specific weights, as shown in Table 1. The total value for each aspect (Table 1) is used to determine the final ranking score using the following calculation steps.

Value per Aspect

The score for each aspect (n) is calculated by summing the scores of all indicators within that aspect and then multiplying the result by the aspect's weight. Mathematically, this can be expressed as follows:

$$V_n = \left(\sum_{i=1}^{k} S_i\right) \times W_n$$

Notes:
V_n = Value for the nth aspect
S_i = Score of the i-th indicator for that aspect
W_n = Weight percentage of the nth aspect
k = Number of indicators in an aspect

The weightings (W_n) for each aspect are as follows: aspect 1 (V1) is 30%, aspect 2 (V2) and aspect 3 (V3) are each 25%, and aspect 4 (V4) and aspect 5 (V5) are each 10%.

Table 1 Cooperative ranking assessment indicators

Aspect	Weight	Assessment indicators
Cooperative institutions	30%	1. Legal entity status 2. Member participation (in capital or business areas) 3. Cooperative organizational tools 4. Strategic plan (Renstra) 5. Standard Operating Procedures (SOP) 6. Standard Operating Management (SOM) 7. Members' meeting to hold the management and supervisors accountable 8. Education and training 9. Ratio of increase in membership over the past year 10. Cooperative awards over the past 3 years
Cooperative business	25%	1. Business legality 2. The connection between members' business activities and other members' businesses 3. The connection between members' businesses and cooperative businesses 4. Increase in business volume 5. Increase in production/service capacity 6. Increase in Surplus Income (SHU)
Cooperative finance	25%	1. Capital structure 2. Ability to provide funds to meet maturing obligations (liquidity ratio) 3. Percentage of mandatory member deposits paid 4. Total short-term liabilities to assets 5. Cooperative's ability to meet its obligations (solvency) 6. Net profit to investment assets ratio (Return on Investment) 7. Addition of assets 8. Audit by a Public Accounting Firm (KAP) 9. Business continuity
Benefits for members	10%	1. Increasing members' income 2. Providing goods and services at lower prices to members 3. Fostering members' entrepreneurial motivation 4. Fostering honesty and openness 5. Providing cooperative services outside of business activities
Benefits for the community	10%	1. Employment absorption 2. Number of cooperative services available to the community 3. Poverty reduction

Sumber: Kementerian Koperasi dan UKM (2018)

Ranking Score

The final ranking score is the sum of all aspect scores (V) calculated using the following formula. The ranking results are based on the following four classifications of cooperative quality.

1. “Very Good Quality” cooperatives with an AAA rating have a total score > 1,200.
2. “Good Quality” cooperatives with an AAB rating have a total score of 1,000-1,200.
3. “Fairly Good Quality” cooperatives with an ABB rating have a score of 800-999.
4. “Poor Quality” cooperatives with a BBB rating have a total score < 799.

RESULTS AND DISCUSSION

The Sarana Makmur Livestock Cooperative (KPSM) is a dairy cooperative that plays a strategic role in Sleman Regency, Special Region of Yogyakarta. Established on July 24, 1993, and legally incorporated on January 17, 1994, the cooperative is located in Cangkringan Subdistrict and was founded on the initiative of dairy farmers on the slopes of Mount Merapi to create a professional and independent economic institution. As of September 2025, KPSM has 520 members organized into 23 farmer groups. The cooperative’s vision is to become a strong and healthy organization to improve the well-being of its members. To achieve this, KPSM manages an integrated business in milk processing, livestock feed supply, and savings and loan services, as well as forges partnerships with dairy processing industries such as Ultra Jaya to secure a market for its products. Milk prices are set based on quality, ranging from Rp6,500 to Rp8,000 per liter.

In an effort to increase added value and competitiveness, KPSM has developed processed dairy products under the Susu Hadi Jogja brand, which have obtained halal, NKV, and BPOM certifications. The cooperative’s performance is evaluated based on Kementerian Koperasi dan UKM Regulation No. 21/Per/M.KUKM/IX/2015, along with technical regulations from the Deputy for Institutional Affairs No. 04/Per/Dep.1/III/2018 regarding Criteria and Indicators for Cooperative Ranking. The assessment covers five comprehensive aspects: institutional, business, financial, benefits, and impact. This multidimensional approach enables a comprehensive evaluation, not only from a financial perspective but also regarding organizational governance, business sustainability, and the tangible benefits experienced by members.

Institutional Aspects of Cooperatives

Institutional aspects play a crucial role in evaluating cooperative performance because they indicate that the cooperative is managed in accordance with cooperative principles. This evaluation encompasses organizational governance, clarity of rules, the implementation of institutional functions, and member participation. Thus, institutional aspects serve as indicators of organizational strength, system regularity, and the cooperative's ability to ensure business sustainability (Srikalimah & Kurniawati 2021). The calculation of the institutional aspects of the Sarana Makmur Cooperative is presented in Table 2.

Table 2 shows that the institutional performance of the Sarana Makmur Livestock Cooperative (KPSM) falls into the "good" category, indicating that its organizational structure and governance have functioned effectively in supporting business activities. This is supported by an institutional aspect score of 2,550, or approximately 85% of the maximum score of 3,000 (Table 2). This achievement indicates that the cooperative's organizational structure and governance have been functioning effectively in supporting business activities. The maximum score in the institutional aspect is justified because the Sarana Makmur Livestock Cooperative possesses a valid legal entity status, a complete organizational structure, as well as a Strategic Plan (Renstra), Standard Operating Procedures (SOP), and Management Guidelines (SOM), as management guidelines (Law No. 25 of 1992). The regular holding of Annual General Meetings (AGMs) and members' active participation in capital contributions and business activities further strengthen the accountability and transparency of the cooperative's management (Setianingrum *et al.* 2024).

The steady membership of 520 people over the past two years indicates that the cooperative's membership base is relatively stable, while the award from Bank Indonesia as the Best Cluster I in the Livestock or Fisheries Category for 2023 reinforces the cooperative's institutional credibility. Furthermore, a strong institutional framework is a key prerequisite for the cooperative's sustainability, as it ensures consistent governance and fosters long-term member participation (Paraschou *et al.* 2025). This is reflected in the Sarana Makmur Livestock Cooperative, which has a relatively comprehensive institutional system that operates consistently. Nevertheless, the scores on the education and training indicator (250 out of 400), the member growth ratio (150 out of 200), and cooperative awards (50 out of 200) indicate that institutional strengthening still needs to be improved. The suboptimal score for education and training indicates that efforts to enhance the capacity of members and board members have not been carried out intensively, even though the quality of human resources plays a crucial role in the effectiveness of institutional management (Pristiyanto 2013).

The suboptimal growth rate in membership reflects a lack of membership growth over the past year, indicating that recruitment and renewal strategies have not been effective. This situation underscores that member participation—a core principle of cooperatives as stipulated in Law No. 25 of 1992—has not been fully optimized to drive membership growth. Relatively low award scores over the past three years also indicate that the cooperative's performance has not been consistent in securing external recognition. These findings have practical implications for the cooperative to strengthen more targeted and sustainable training programs, improve member recruitment and retention strategies, and expand cooperation with training institutions, government agencies, and business partners to support the sustainable improvement of human resource capacity and institutional performance.

Cooperative Business Aspects

The business aspect of cooperative performance assessment evaluates the cooperative's ability to carry out legal, productive business activities that benefit its members. The assessment covers the relationship between the cooperative's business and member activities, growth in business volume and capacity, and its contribution to increasing net income. Therefore, the business aspect is used to assess the sustainability of the cooperative's business and its economic benefits

Table 2 Institutional aspects of cooperatives

Indicator	Maximum score	Value
Legal entity legality	500	400
Member participation (in capital or business fields)	200	200
Cooperative organizational tools	200	200
Strategic plan (renstra)	300	300
Standard operating procedures (SOP)	300	300
Standard management procedures (SOM)	300	300
Member meetings accountability of management and supervisors	400	400
Education and training	400	250
Ratio of member growth in the last year	200	150
Cooperative awards in the last 3 years	200	50
Total	3,000	2,550

Source: Author's analysis 2025

for members. The assessment of the business aspect of the Sarana Makmur cooperative can be seen in Table 3.

Table 3 shows that the business aspect of KPSM scored 400 out of a maximum of 600, or approximately 67%, placing it in the “fairly good” category. This achievement indicates that the cooperative has a strong business foundation, marked by complete business legal compliance, increased business volume, and enhanced production and service capacity. However, two strategic indicators received a score of zero: the continuity of business activities among members and the increase in surplus (SHU). These findings reveal a paradox in the cooperative’s business performance: while business activities are growing operationally, this has not yet been accompanied by strengthened economic synergy among members or an increase in collective financial benefits.

The zero score for ongoing business activities among members indicates that economic relationships among members remain individual in nature and have not yet formed a mutually supportive business network. Members tend to interact directly with the cooperative as milk suppliers, without any horizontal interaction in the provision of inputs, processing, and product distribution. This situation limits the cooperative’s potential to generate collective efficiency and economies of scale.

On the other hand, the lack of growth in net surplus indicates that the increase in business volume has not yet translated into an increase in surplus that can be distributed to members. This situation may be due to high operating costs, relatively thin profit margins, or cooperative policies that prioritize reinvestment to strengthen capital and develop business units. When SHU does not increase, the cooperative may have to rely on external capital to run its operations, which can increase financial risk and reduce the cooperative’s autonomy (Putro & Indrawati 2021).

These findings indicate that the main challenge facing KPSM does not lie in business expansion, but rather in the ability to translate business growth into greater economic benefits for members. Therefore, performance improvement strategies need to focus on strengthening business integration among members, improving operational efficiency, and optimizing surplus management so that business growth can have a more tangible impact on members' well-being. These research results support the findings of Kusmiati *et al.* (2023) that the integration of members' economic activities and production capacity is the key determinant of a cooperative's success. KPSM has demonstrated growing production capacity; however, the suboptimal level of horizontal integration among members limits the cooperative’s ability to maximize collective economic value.

Financial Aspects of Cooperatives

The financial aspect assesses the cooperative’s ability to manage its finances in a sound and transparent manner through capital, liquidity, solvency, ROI, asset growth, and financial statement audits. This assessment reflects the sustainability of the business and the level of member confidence. The financial assessment of the Sarana Makmur Cooperative is presented in Table 4.

Table 4 shows that the financial performance of the Sarana Makmur Livestock Cooperative (KPSM) is classified as good, with a score of 900—or 75% of the maximum 1,200—placing it in the “good” category. This achievement indicates that the cooperative has a

Table 3 Assessment of cooperative business aspects

Indicator	Maximum score	Value
Business legality	100	100
Interdependence of members' business activities with other members' businesses	100	0
Interdependence of members' businesses with cooperative businesses	100	100
Increase in business volume	100	100
Increase in production/service capacity	100	100
Increase in SHU	100	0
Total	600	400

Source: Author's analysis 2025

Table 4 Assessment of cooperative financial aspects

Indicator	Maximum score	Value
Capital structure	100	100
Ability to provide funds to meet matured obligations (liquidity level)	100	100
Percentage of member mandatory deposit repayment	100	100
Total short-term liabilities to assets	200	100
Cooperative's ability to meet its obligations (solvency)	100	100
Net profit to investment assets ratio (return on investment/ROI)	100	50
Asset additions	100	50
Audit by public accounting firm (KAP)	200	200
Business sustainability	200	100
Total	1,200	900

Source: Author's analysis 2025

sound financial foundation, as reflected by maximum scores in capital structure, liquidity, and solvency. Achieving maximum scores on the liquidity and solvency indicators indicates that the cooperative has a strong ability to meet both short-term and long-term obligations, resulting in a relatively stable financial condition. The absence of debt further strengthens the cooperative's financial position, as the financial risks it faces are reduced.

Several strategic indicators have not yet achieved the maximum score, particularly return on investment (ROI) and asset growth, which scored 50 out of 100. This indicates that although financial risk is relatively low, the effectiveness of asset utilization in generating surplus and business growth is still not optimal. The policy on the distribution of net surplus, which remains limited and is more directed toward long-term investment, indicates that the cooperative prioritizes strengthening internal capital as a business sustainability strategy, which aligns with the importance of prudent financial management in maintaining the cooperative's stability (Samborska *et al.* 2023). However, this situation also indicates a trade-off between capital accumulation and the direct economic benefits received by members (Modigliani & Miller 1963).

Thus, although the cooperatives' financial condition is considered sound, the optimization of financial benefits for members still needs to be improved. These findings indicate that cooperatives need to strike a balance between long-term investments and the distribution of business profits, as well as improve the effectiveness of asset management so that financial performance can have a more tangible impact on members' well-being. This study employs an indicator-based performance assessment approach due to the lack of detailed financial data; consequently, the interpretation focuses on the achievement of ranking indicator scores as a representation of the cooperative's financial condition within the government's established evaluation framework.

Benefits of Cooperatives for Members

The benefits aspect of cooperatives assesses the role of cooperatives in improving members' well-being through increased income, affordable services, business support, and a sense of community. This aspect demonstrates the success of cooperatives as economic and social organizations. The assessment of the benefits of cooperatives for members is presented in Table 5.

Table 5 shows that the aspect of benefits for members scored 600 out of a maximum of 700, or approximately 86% of the total score; this indicates that KPSM provides excellent economic and social benefits to its members. This achievement confirms that cooperatives function not only as business entities but also as collective mechanisms that create tangible added value for their members. Cooperatives foster solidarity among members, strengthen social bonds, and build a collective identity that supports shared goals (Hariance *et al.* 2026).

Members' welfare is improved through three main channels. First, the cooperative increases income through a quality-based milk purchasing system that pays Rp6,500–Rp8,000 per liter, thereby providing members with an economic incentive to produce higher-quality milk. Second, the cooperative reduces production costs by providing Hadi Feed livestock feed at a lower price to members than to non-members. Third, the cooperative reduces business risk through market certainty supported by a partnership with Ultra Jaya and savings and loan services that expand access to financing. The cooperative provides economic benefits to its members through increased market access, reduced transaction costs, and improved business efficiency through the shared use of productive assets and operational processes (Zhu *et al.* 2018).

The combination of increased income, cost efficiency, and risk reduction indicates that the benefits of cooperatives stem not only from the distribution of net surplus but also from the economic gains members receive in their daily business activities. This finding confirms that the primary value of cooperatives lies in their ability to reduce transaction costs and strengthen members' bargaining power within the dairy agribusiness chain. This finding aligns with Chan & Raharja (2024), who assert that market certainty, cost efficiency, and tangible economic benefits are key factors in enhancing the well-being and participation of cooperative members.

In addition to economic benefits, KPSM also generates social benefits through the Annual General Meeting (AGM) mechanism and institutional interactions that promote transparency, trust, and members' entrepreneurial motivation. These conditions reinforce the cooperative's role as both an economic

Table 5 Assessment of the benefits of cooperatives for members

Indicator	Maximum score	Value
Increased member income	200	100
Provision of goods and services at lower prices to members	100	100
Fostering member business motivation	100	100
Fostering honesty and openness	200	200
Provision of cooperative services outside of business activities	100	100
Total	700	600

Source: Author's analysis 2025

and social institution that supports livestock farmers' businesses. Overall, these results indicate that KPSM has successfully translated cooperative principles into tangible benefits for members, both in the form of increased business profitability and strengthened social capital.

The Benefits of Cooperatives for the Community

This aspect assesses the cooperative's contributions to the community beyond its members, such as job creation, the provision of goods and services to the community, and its role in supporting poverty reduction. This assessment underscores the cooperative's social function as a driver of inclusive and sustainable people-centered economic development. The assessment of the cooperative's benefits to the community is presented in Table 6.

Table 6 shows that the aspect of benefits to the community scored 300 out of a maximum of 400, or 75% of the total score. This score indicates that KPSM makes a significant social and economic contribution to the surrounding community. This achievement underscores that the role of cooperatives is not limited to improving the well-being of members but also generates benefits that extend to non-members.

The economic contribution of KPSM is reflected in the employment of 51 local workers. This finding indicates that cooperatives serve as a source of job creation and stimulate income circulation in the surrounding area. Cooperatives capable of creating jobs and providing social services play a role in driving local economic development and strengthening social capital (Albanese 2024). This employment generates a multiplier effect because the income received by workers is subsequently spent within the community, thereby reinforcing local economic activity.

In addition to economic impacts, KPSM also makes a social contribution by providing services accessible to the general public, including the management of kindergartens. The existence of these services demonstrates that cooperatives help build social infrastructure that supports education and family well-being in the surrounding community. In Germany, cooperatives have become a solution to address challenges in providing public services in rural areas by creating and maintaining local infrastructure (Adams *et al.* 2018).

Nevertheless, the score on the indicator of contribution to poverty reduction has not yet reached its full potential. This indicates that the social impact of cooperatives remains indirect and has not yet been fully measured in a systematic manner. Therefore, programs to strengthen community empowerment and document social impact in a more structured manner can enhance the contribution of cooperatives to inclusive local development. Overall, these results indicate that KPSM has fulfilled its social function as a people-centered economic institution that generates benefits not only for its members but also for the broader community through job creation, the provision of social services, and the strengthening of the local economy.

Performance of the Sarana Makmur Farmers Cooperative

Based on the research findings, the performance of KPSM was evaluated using five aspects in accordance with Regulation of the Deputy for Institutional Affairs of the Kementerian Koperasi dan UKM No. 04/Per/Dep.1/III/2018. Each aspect was scored based on evaluation indicators and multiplied by its respective weight. The calculation results in a total score that indicates the overall health and performance of the cooperative, as presented in the following table. The performance assessment of the Sarana Makmur livestock farmers' cooperative based on these five aspects is shown in Table 7.

Based on Table 7, KPSM achieved a total score of 1,180, placing it in the "Good Quality" category (AAB rating). This result indicates that the cooperative has strong institutional, operational, and financial foundations and is capable of providing tangible benefits to its members and the community. This total score is only 20 points away from the threshold for the

Table 6 Assessment of the benefits of cooperatives for the community

Indicator	Maximum Score	Value
Employment absorption	100	100
Number of cooperative services available to the community	100	100
Poverty reduction	200	100
Total	400	300

Source: Author's analysis 2025

Table 7 Performance assessment of sarana makmur livestock farmers cooperative

Aspect	Score	Weight (%)	Value
Aspect 1. Institutional	2.550	0.30	765
Aspect 2. Business	400	0.25	100
Aspect 3. Financial	900	0.25	225
Aspect 4. Benefits for members	600	0.10	60
Aspect 5. Benefits for the community	300	0.10	30
Total	4,760		1,180

Source: Author's analysis 2025

"Very Good Quality" (AAA) category, indicating that KPSM is at a high stage of institutional maturity. With improvements in several strategic indicators, the cooperative has a very strong chance of improving its ranking.

The main strengths of KPSM lie in its institutional and financial aspects, as well as the benefits it provides to its members. This reflects the fact that the cooperative has successfully established accountable governance, maintained financial stability, and provided tangible economic benefits to its members through increased income, cost efficiency, and reduced business risk. This aligns with research emphasizing that financial stability is a key factor in maintaining the performance and sustainability of cooperative organizations (Samborska *et al.* 2023). Furthermore, financial management focused on strengthening internal capital and long-term investments underscores the importance of implementing prudent financial practices and sustainable innovation to ensure agricultural cooperatives can survive and compete in increasingly competitive market dynamics (Paraschou *et al.* 2025). However, the cooperative's business operations and benefits to the community remain suboptimal. A zero score on the indicators of the emergence of inter-member businesses and an increase in net surplus indicate that the growth in business activity has not yet been fully converted into greater collective economic value. Meanwhile, the contribution of social cooperatives to poverty reduction remains indirect and has not been systematically measured.

These findings indicate that the main challenge facing KPSM no longer lies in establishing an institutional framework, but rather in enhancing the effectiveness of its business model so that business growth can generate higher surpluses, strengthen economic synergies among members, and expand the cooperative's social impact. Strategically, KPSM needs to prioritize strengthening business collaboration among members, optimizing asset productivity, increasing the value added of processed dairy products, and implementing community empowerment development programs. These steps will strengthen competitiveness and increase KPSM's chances of achieving the status of a "very high-quality" cooperative.

KPSM's competitiveness is enhanced through a combination of strategies focused on improving product quality, optimizing production costs, expanding market access, and developing value-added products. KPSM implements a quality-based milk procurement system and a partnership with Ultra Jaya, which provides members with guaranteed market incentives while encouraging them to increase production collectively. Additionally, business development units such as Hadi Feed enable the cooperative to reduce members' production costs by supplying feed at more competitive prices. Downstream, the development of processed products by Susu Hadi Jogja expands business diversification and increases product value-added. This strategy demonstrates that the cooperative's competitiveness is built through operational efficiency, product innovation, and the strengthening of market networks simultaneously.

From an implementation perspective, social, economic, and ecological aspects are also integrated into cooperative activities. The social aspect is realized through member participation in annual general meetings, the provision of savings and loan services, education and training, as well as contributions to the community through the employment of local labor and the maintenance of kindergartens. The economic aspect is reflected in increased member income through a quality-based milk purchasing system, production cost efficiency through the provision of livestock feed, and the diversification of dairy processing businesses. Meanwhile, the ecological aspect is realized through more organized livestock business management and the application of product quality standards that encourage more responsible production practices. Therefore, KPSM serves not only as an economic institution that improves members' well-being but also as a social institution that supports more inclusive and sustainable local development.

CONCLUSION

Based on the results of the performance evaluation of the Sarana Makmur Livestock Cooperative (KPSM) across five cooperative ranking criteria, namely institutional, operational, financial, benefits to members, and benefits to the community, the following conclusions were reached:

1. The Sarana Makmur Livestock Cooperative (KPSM) achieved a total performance score of 1,180 and was classified in the "Good Quality" category with an AAB rating. These results indicate that, overall, KPSM has demonstrated sound organizational governance, business performance, and financial health, and is capable of providing benefits to its members and the surrounding community. KPSM has the potential to improve its rating to AAA if its business operations and the distribution of economic benefits can be optimized.
2. The main strengths of KPSM lie in its institutional and financial aspects, as well as the benefits it provides to its members. Conversely, the cooperative's business operations and the benefits it provides to the community are not yet optimal, primarily because there is still a lack of coordination in business activities among members and no increase in surplus income (SHU).
3. Enhancing the competitiveness and commitment of the Sarana Makmur Livestock Cooperative (KPSM) in supporting the welfare of dairy farmers in Sleman Regency requires prioritizing the strengthening of business collaboration among members, optimizing the management and distribution of surplus income (SHU), and improving education and training programs for

members. Furthermore, the use of an evaluation framework based on the five aspects of cooperative ranking in this study indicates that this approach can be applied as an analytical tool to assess the performance of other livestock cooperatives, whether through comparative studies between cooperatives or cross-sectional analysis.

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