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ANALYSIS OF FACTORS INFLUENCING THE DECISION OF SUGARCANE FARMERS TO USE THE SERVICES OF FINANCIAL INSTITUTIONS SAVINGS AND LOAN COOPERATIVES INDEPENDENT BUSINESS PARTNERS IN SEMBORO JEMBER DISTRICT

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ABSTRACT

The aim of this research is to find out what factors influence sugar cane farmers in making decisions to use the services of the financial institution KSP Mitra Usaha Mandiri Semboro. And to find out what factors are most dominant in sugar cane farmers' decision to use the services of the financial institution KSP Mitra Usaha Mandiri Semboro. The factors in this research are reduced from service quality items which consist of the dimensions of Reliability, Responsiveness, Assurance, Empathy and Physical Evidence. The type of research used in this research is explanatory research. This research uses a quantitative descriptive method approach. The sample in this study was sugar cane farmers who were partners with PG Semboro and also KSP Mitra Usaha Mandiri, totaling 89 respondents. The sampling technique used was purposive sampling. The results of the research show that the factors that influence sugar cane farmers in making decisions to use the services of the financial institution KSP Mitra Usaha Mandiri Semboro are responsiveness, guarantees, quality and service as well as attention or empathy. Responsiveness is the most dominant factor taken into consideration by farmers in deciding to use financial services from KSP Mitra Usaha Mandiri Semboro, Jember Regency.

Keywords: *service quality, decision to use, cooperatives, sugar cane farmers.*

INTRODUCTION

Cooperatives in Indonesia are business entities with unique characteristics where members are co-owners, users, or managers. Cooperatives aim to improve the welfare of their members by adhering to cooperative principles such as voluntary and open membership, democratic control, members' economic participation, autonomy and self-reliance, education, and cooperation between cooperatives. This understanding is based on Law Number 25 of 1992 concerning Cooperatives. While the cooperative principles in Indonesia align with international principles, slight differences exist, especially regarding SHU (Residual Business Results). The principles are derived from the "Rochdale Cooperative Principles," which focus on open and voluntary membership, democratic control, economic participation of members, autonomy, self-reliance, education, and cooperation among cooperatives.

(Sitepu & Hasyim, 2018) highlighted that cooperatives are a crucial part of the economic structure, contributing to both member welfare and the broader community. However, according to Putri et al. (2021), Indonesian cooperatives face structural challenges, particularly in accessing capital, limiting their ability to fulfill their roles effectively. This requires greater government attention to ensure cooperatives can truly serve as pillars of Indonesia's economy, as envisioned in the 1945 Constitution.

The purpose of this research is to explore the factors limiting the growth and effectiveness of cooperatives in Indonesia and propose strategies to enhance their role in the

national economy. The findings will provide valuable insights for policymakers and cooperative stakeholders to address structural obstacles, improve cooperative performance, and contribute to broader economic prosperity, ultimately benefiting both cooperative members and the surrounding community.

METHOD

The type of research used in this study is explanatory research. According to (Sugiyono, 2015), *explanatory research* is a research method that intends to explain the position of the variables being studied and the influence between one variable and another. The main reason for this researcher to use *the explanatory* research method is to test the proposed factors, so it is hoped that this study can explain the factors that affect the decision of sugarcane farmers to use the services of the financial institution of the Mandiri Business Savings and Loan Cooperative

in Semboro, Jember Regency.

This study uses an approach with a quantitative descriptive method. According to Sugiyono (2010) quantitative research is used to examine the status of a human group, a condition, a system of thought, or a class of events at a certain time. Meanwhile, according to (Hermawan & Mulyawan, 2014), descriptive research is the presentation of a certain characteristic of a phenomenon.

RESULTS AND DISCUSSION

Validity Test

The validity test of this research measuring tool uses the correlation *of Pearson's product moment*, namely by correlating each statement with a total score, then the results of the correlation are compared with a critical number of 0.30. The results of validity and reliability tests can be stated in the following table:

Test Table of Validity of Research Instruments

Indicator	rcalculate	Information
X1	0,800	Valid
X2	0,899	Valid
X3	0,895	Valid
X4	0,873	Valid
X5	0,803	Valid
X6	0,833	Valid
X7	0,911	Valid
X8	0,902	Valid
X9	0,872	Valid
X10	0,800	Valid
X11	0,933	Valid
X12	0,831	Valid
X13	0,897	Valid
X14	0,919	Valid

X15	0,885	Valid
X16	0,707	Valid
X17	0,943	Valid
X18	0,886	Valid
X19	0,966	Valid
X20	0,879	Valid
X21	0,816	Valid
X22	0,917	Valid
X23	0,899	Valid
X24	0,859	Valid
X25	0,780	Valid

Based on the table, it can be seen that each indicator used has an r value greater than 0.30, this means that the indicators used in this research variable are feasible or valid to be used as data collectors.

Reliability Test

Reliability tests are carried out to the extent that a measurement result is relatively consistent. A good statement is one that is clear, easy to understand, and has the same interpretation even though it is delivered to different respondents and at different times. This research instrument is said to be reliable and has a *Cronbach Alpha value* greater than 0.60. The results of the reliability test can be expressed in the following table:

Table 2 Validity Test of Research Instruments

Reliability Statistics

Cronbach's Alpha	N of Items
.957	25

Source : Appendix 3

The test results also showed that all variables had a *Cronbach Alpha* value greater than 0.60. So it can be concluded that all the variables used in this study are reliable.

5.1.1 Data Analysis Using Factor Analysis

This study uses a factor analysis technique with a type of confirmatory factor analysis where this analysis seeks to find dimensional similarities underlying the variables studied. The purpose of factor analysis is to explain the structure of relationships among many variables in the form of factors**.** The following are explanations and steps regarding the results of data processing using factor analysis.

1. *Kaiser-Meyer-Olkin (KMO)* dan *Bartlett's Test of Sphericity*
   KMO was used to measure the adequacy of the sample by comparing the observed correlation coefficient with the partial correlation coefficient. The assessment of the KMO test can be seen in the table below. Meanwhile, the results of the KMO test can be seen in the following table 5.3.

Tabel 3 KMO and *Bartlett's Test*

KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.910
Bartlett's Test of Sphericity	Approx. Chi-Square	1698.673
	df	300
	Mr.	.000

In the KMO table and Bartlett's test above, it can be seen that the KMO *Measure of sampling Adequacy* (MSA) is 0.910. Because the value of 0.910 > 0.5 indicates the adequacy of the sample. The KMO and Bartlet's test numbers, which are based on the chi-square value, obtained a value of 1698.673 with a significance value of 0.000 which indicates that there is a correlation between variables and is feasible for further processing.

2. *Measure of Sampling Adequancy* (MSA)

This method is also used to measure the sufficiency of the sample calculated on each individual variable. Here is a table of MSA test results.

Tabel 4 Uji MSA

Indicator	Anti Image Corelation	Information
X1	0,921	processable
X2	0,955	processable
X3	0,935	processable
X4	0,912	processable
X5	0,898	processable
X6	0,949	processable
X7	0,919	processable
X8	0,930	processable
X9	0,930	processable
X10	0,932	processable
X11	0,866	processable
X12	0,898	processable
X13	0,885	processable
X14	0,903	processable
X15	0,896	processable
X16	0,928	processable
X17	0,844	processable
X18	0,887	processable
X19	0,868	processable
X20	0,932	processable
X21	0,900	processable
X22	0,917	processable
X23	0,925	processable
X24	0,916	processable
X25	0,886	processable

In the *Anti-image Matrice* table above, specifically in the *anti-image correlation* section, you can see a number marked with (a) which indicates the MSA of an indicator. The MSA value of each indicator is > 0.5 so all indicators can be further processed.

3. Determining the Approach Used in Analysis

This factor analysis uses the main component analysis approach *(Principal Component Analysis)* which takes into account the total variation of the observed data. The goal is to determine what factors influence the decision farmers use KSP Mitra Usaha Mandiri Semboro Jember Regency. The results can be seen in table 5.6.

Tabel 5 *Principal Component Analysis*

Communalities

	Initial	Extraction
X1	1.000	.550
X2	1.000	.600
X3	1.000	.585
X4	1.000	.716
X5	1.000	.770
X6	1.000	.704
X7	1.000	.734
X8	1.000	.557
X9	1.000	.528
X10	1.000	.616
X11	1.000	.701
X12	1.000	.747
X13	1.000	.760
X14	1.000	.611
X15	1.000	.668
X16	1.000	.644
X17	1.000	.583
X18	1.000	.609

X19	1.000	.780
X20	1.000	.777
X21	1.000	.758
X22	1.000	.696
X23	1.000	.759
X24	1.000	.714
X25	1.000	.592

Extraction Method: Principal Component Analysis.

The *Communalities* table shows that the effective contribution of each item to the factors formed is around 52.8% to 78% to the decision of farmers using KSP Mitra Usaha Mandiri Semboro Jember Regency.

4. Determining the Number of Factors

The next stage is to determine the number of factors that can be formed. The number of factors that can be formed is measured based on the value of the Eigen magnitude of these factors. In this case factors that have an Eigen value greater than 1.0 will be retained in the model. The results can be seen in table 5.7.

Table 6 Eigenvalues for Each Factor

Total Variance Explained

Component	Initial Eigenvalues			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	12.668	50.670	50.670	4.354	17.417	17.417
2	1.745	6.980	57.651	4.312	17.247	34.665
3	1.336	5.344	62.995	4.262	17.049	51.713
4	1.010	4.040	67.034	3.830	15.321	67.034
5	.969	3.875	70.909			
6	.943	3.773	74.682			

7	.831	3.325	78.007			
8	.685	2.740	80.747			
9	.597	2.387	83.135			
10	.497	1.989	85.123			
11	.449	1.796	86.919			
12	.430	1.721	88.640			
13	.415	1.661	90.302			
14	.389	1.555	91.857			
15	.336	1.346	93.203			
16	.313	1.251	94.454			
17	.260	1.040	95.494			
18	.203	.810	96.304			
19	.192	.768	97.072			
20	.165	.660	97.732			
21	.148	.592	98.324			
22	.121	.485	98.809			
23	.110	.441	99.250			
24	.094	.377	99.627			
25	.093	.373	100.000			

Extraction Method: Principal Component Analysis.

The total *variance explained* table above shows the percentage of measurement construct variants that can be explained by several factors that are formed. From *the initial eigenvalues* column in the cumulative *sub-column*, it can be seen that reducing 25 items to 1 factor can explain 17.42% of variants, reducing to 2 factors explaining 17.25% of variants, reducing to 3 factors can explain 17.05%, and reducing to 4 factors can explain 15.32%. We can decide what factor we will take from the *eigenvalues*. In general, *eigenvalues* above 1 can be said to be the number of factors, thus from the data above we can say that from the 25 existing items can be reduced to 4 factors so that it can explain 67.03% of variants. The amount of variance that can be explained by the new factors that are formed is 67.03% while the remaining 32.97% is explained by other factors that are not studied.

5. Factor Rotation

The next stage is to conduct an analysis using *varimax* rotation. *Varimax* rotation is a rotation that maximizes the weight factor. The rotation results in a *loading* matrix. This rotation is used to minimize the number of indicators that have a high loading factor in each factor. This method has been shown to be better at showing differences between factors. The results can be seen in table 7

Table 7

Rotated Component Matrixa

	Component			
	1	2	3	4
X7	.699			
X3	.646			
X6	.620			
X9	.620			
X23	.617			
X10	.499			
X22	.496			
X8	.464			
X12		.798		
X11		.781		
X21		.618	.	
X20		.614		
X24		.584		
X14		.575		
X2		.533		
X19			.824	
X5			.809	
X25			.677	
X13			.665	
X4				.727
X16				.716
X15				.624

X17			.598
X18			.559
X1			.526

Extraction Method: Principal Component Analysis.

Rotation Method: Varimax with Kaiser Normalization.

a. Rotation converged in 9 iterations.

The next output seen is *the rotated component matrix*. This table shows the *loading factors* for each factor. The principle of exploratory factor analysis is that each item can be correlated with all factors, but a good item only has a high *loading factor* in the factors it measures. From the analysis settings, we chose to eliminate the display of *loading factors* below 0.3, so that the *loading factor number* that appears in the output is only those with values above 0.3.

The next step is to label the name of the factor based on the items that make it up. From the table above, we can see that the number of factors formed is in accordance with the one generated from eigenvalues, namely there are 4 factors.

a. Factor 1 consists of items X7, X3, X6, X9, X23, X10, X22 and X8, where the items are related to the responsiveness of KSP management (such as: Officers give explanations about the next service flow, Officers' readiness in providing services, Officers provide opportunities to ask questions to the community, Officers respond to complaints, Clean and comfortable bathrooms are available, Officers pay attention to community complaints, Service rooms are comfortable, The officers are friendly and polite). Therefore, we can label factor 1 as the responsiveness of KSP management.
b. Factor 2 consists of items X12, X11, X21, X20, X24, X14 and X2, where the items are related to the guarantee of excellent service (such as: Officers provide services as needed, Officers' behavior provides a sense of security, Service rooms are neatly arranged and clean, Communication is carried out openly, Officers' appearance when providing clean and neat services, Services are carried out according to queue numbers, Services provided on time). Therefore we can label factor 2 as a guarantee of excellent service.
c. Factor 3 consists of items X19, X5, X25, X13, where the items are related to quality and service (such as: Officers respond to every question well, Officers are willing to accept complaints from the public, waiting rooms are available and service costs are clear and affordable). Therefore we can label factor 3 as quality and service.
d. Factor 4 consists of items X4, X16, X15, X17, X18, X1, where the items are related to attention or empathy (such as: The explanation given is quite clear, the officer always explains the flow of service, the availability of a clear format in the service, the officer takes special time to communicate, the officer is welcome to sit and wait when getting

the service, the service procedure is clear, and not convoluted.). Therefore we can label factor 4 as concern or empathy.

From the results of the analysis of factors on farmers' decisions to use financial services at KSP Mitra Usaha Mandiri Semboro Jember Regency, it can be seen that in general there are 4 solving strategies, namely responsiveness, guarantee, quality and service, and attention or empathy.

Based on the available statistical data, the interpretation of the analysis of the factors that have been formed can be clearly known. The results of the study show that KSP Mitra Usaha Mandiri Semboro, which is dominated by farmers aged 36 to 45 years and most of them are men, shows that from the 25 existing indicators, four main factors have been formed that are considered by farmers in deciding to use financial services from KSP Mitra Usaha Mandiri Semboro Jember Regency. The four factors are responsiveness, assurance, quality and service, as well as attention or empathy. This is supported by the results of the eigenvalue table which shows four factors with a value of more than 1. The variance explained by these four factors reached 67.03%, while 32.97% was explained by other factors that were not studied.

The explanation of the four factors is as follows:

Factor 1: The responsiveness of KSP management includes items such as officers who provide explanations about the flow of services during the Partnership Meeting Forum (FTK), the readiness of officers in providing services, opportunities for the public to ask questions, responses to complaints in a friendly and polite manner, and the provision of comfortable service spaces.

Factor 2: Ensuring excellent service involves items such as officers who provide services according to the needs of members, clean and neat appearance of officers, communication that provides a sense of security and is carried out openly, service rooms that are neatly arranged and clean, and services that are timely and according to the queue number.

Factor 3: Quality and service include items such as officers responding well to every question, willingness of officers to receive complaints from the public, availability of comfortable waiting rooms, and clear and affordable service costs.

Factor 4: Attention or empathy consists of items such as a fairly clear explanation of the service flow, an officer who takes special time to communicate, the availability of a clear format in the service, and a friendly attitude such as being welcome to sit and wait when receiving service.

These four factors represent crucial aspects of KSP Mitra Usaha Mandiri Semboro's services that influence farmers' decisions to utilize their financial services. The findings align with the theory of consumer decision-making, which highlights the importance of service quality, accessibility, trust, and financial literacy in influencing consumer behavior (Kotler & Keller, 2006). Specifically, service quality, including responsiveness and reliability, has been identified as a key determinant in the financial sector, as noted by (Zeithaml et al., 2002). who argued that customers prioritize service quality when selecting financial institutions.

Furthermore, the accessibility of financial services plays a significant role in rural areas. According to research by (Demirgüç-Kunt & Klapper, 2012), access to financial services is a critical factor in fostering financial inclusion, particularly for rural populations. This supports

the finding that easy access to KSP Mitra Usaha Mandiri's services is an influential factor for farmers.

Trust is another vital component, as discussed by (Morgan, 2011) in their Commitment-Trust Theory, which posits that trust is essential for establishing long-term relationships between service providers and clients. This theory is reflected in the farmers' trust in KSP Mitra Usaha Mandiri's transparent and accountable practices, which encourages continued engagement with their financial services.

Finally, financial literacy, as emphasized by (Lusardi & Mitchell, 2014), is a significant predictor of individuals' financial decision-making capabilities. Farmers' familiarity with financial concepts provided by KSP Mitra Usaha Mandiri supports their confidence in using the cooperative's services, thus influencing their decision-making process. Together, these factors underscore the importance of these services in shaping farmers' choices, corroborating previous studies and relevant theories.

CONCLUSION

Based on the analysis and discussion that has been carried out, it can be concluded that factor analysis identifies four main factors that affect farmers' decision to use financial services from KSP Mitra Usaha Mandiri Semboro Jember Regency. The four factors are responsiveness, assurance, quality and service, as well as attention or empathy. Of these four factors, responsiveness is the most dominant factor because it has the highest eigenvalue compared to the other three factors.

The managerial implications of the results of the factor analysis show that to improve the quality of KSP Semboro Mandiri Business Partners Jember Regency, focusing on these four main factors is the key. The responsiveness factor, the most important in the farmer's decision, includes the readiness of officers in providing services, clear explanations, and responses and attention to community complaints. To increase responsiveness, it is recommended that KSP Mitra Usaha Mandiri Semboro carry out training for officers to improve their knowledge and skills in providing information about capital services. In addition, it is also very important to develop clear and easy-to-understand service standard operating procedures (SOPs) and conduct periodic visits to identify and handle farmers' complaints.

Guarantee factors include services that suit needs, clean and neat appearance of officers, safe communication, and a clean and orderly service environment. To increase the guaranteed factor, KSP Mitra Usaha Mandiri Semboro needs to select and train officers who are competent and have integrity, conduct continuous coaching for officers, and create a comfortable working environment.

Quality and service factors involve officers' response to questions, willingness to receive complaints, and cost transparency. Efforts to improve this factor include increasing the knowledge and skills of officers, improving service systems and procedures, and periodic evaluations of customer satisfaction.

Finally, the attention or empathy factor is related to the explanation of the service flow, the specific time for communication, and the availability of a clear format. To improve the factor of attention or empathy, KSP Mitra Usaha Mandiri Semboro is advised to create a

friendly work culture, train officers' communication skills, and improve existing service facilities.

Overall, to improve the quality of service, KSP Mitra Usaha Mandiri Semboro Jember Regency needs to focus on improving the service system, improving the skills of officers, and creating a comfortable and conducive working environment.

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