

The Effectiveness of Cooperative Activities as a Basis for Strengthening the People's Economy in Gorontalo, Indonesia

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Abstract:- This type of qualitative research through a phenomenological approach, while the results of the study show that cooperatives need to build the quality of independence and have competitiveness so that various cooperative activities are able to sustain the economy at large, cooperatives have a role in prospering the community, where the concept of activity is to provide products that are of sale value and in demand by the community, so that profits can be enjoyed by members and cooperative management as part of the community, besides that cooperatives are very strategic to boost the economy of the community at large.

Keywords: *Co-Operative, Business, Product, Strategy, Prosperity.*

I. INTRODUCTION

The development of economic activity can indeed be done with various alternative institutions. However, the development of people-based economic activities requires an approach that enables broad community involvement in ensuring equity. In this case, one of the alternatives that can be pursued is through cooperatives and involving them in a system of cooperation with various actors in the national business world. Cooperatives, in contrast to community groups in general, are organisations that are closer to the grassroots, as well as being in line with the market economy, as mentioned by one expert as follows: Cooperative societies unlike the customary groups are models of organisation made to fit into the modern money and bookkeeping principles as commercial enterprises, even though they pursue different purposes and goals.

In simple terms, it can be explained that the presence and existence of grassroots groups face inefficient and ineffective problems when carrying out economic activities individually. Furthermore, from a sociological point of view, there are also strong reasons for the presence of collective action. The bond of togetherness (in group feeling) referred to can certainly be in the form of economic threats that are very likely to occur in an era of sharp competition that will threaten the community's economic system.

Furthermore, it can also be explained through a simple review from an economic point of view that the need for cooperatives is none other than in order to increase efficiency. In this case, there are two ways in which a joint venture can improve efficiency, namely through what we know as economies of scale and economies of scope. The merging of the same small-scale business (as most people's businesses are) into a larger-scale joint venture is very likely to result in greater efficiency due to the joint use of production factors, management, and various economic aspects. Meanwhile, togetherness also makes it possible to enlarge the scope of the business so that the access to business that can be utilised by each of them will be greater. Togetherness at the operational level is also very important to minimise risk collectively and overcome information asymmetry. Through joint ventures in the form of cooperatives, collective risk can be minimised so that losses can also be minimised. Similarly, cooperatives with their integrated networks will be able to overcome the problem of information asymmetry, both vertical information asymmetry, which in reality means that actors in the production subsystem often do not have sufficient knowledge about the situation in the marketing subsystem.

Although cooperatives have various advantages, their development for developing countries still requires the participation of outsiders, there are still difficulties in growing cooperatives that are fully carried out by the lower strata of society naturally. In this regard, the role of third parties from universities will certainly be very useful. Observations of experts in various Asian countries show the importance of the role of third parties, especially the government, in developing cooperatives as mentioned: In the developing countries of Asia, the cooperative movement was introduced by the government.

➤ *Problem Formulation:*

- How cooperative management improves community welfare in Gorontalo
- What is the role of education in improving cooperatives in Gorontalo
- What is the role of human resources in strengthening cooperatives

II. OVERVIEW

➤ *Definition of a Co-Operative:*

- *Definition of Cooperative in Terms:*

The definition of co-operative simply begins with the word "co" which means together and "operation" which means work. So the definition of a cooperative is cooperation. While the general understanding, Cooperative is a collection of people who have the same goal, bound in an organisation that is based on kinship with the intention of prospering members.

- *Definition of Cooperative According to the Law:*

Law No. 25 of 1992 (Indonesian Cooperatives): A cooperative is a business entity consisting of individuals or cooperative legal entities based on cooperative principles as well as a people's economic movement based on the principle of kinship.

- *Definition of Cooperative According to Experts:*

The following is the definition of a cooperative according to experts:

- ✓ *Dr. Fay (1980):*

A cooperative is an association with the aim of doing business together consisting of those who are weak and are always cultivated with a spirit of selflessness in such a way that each of them is able to carry out their obligations as members and receive rewards in proportion to their use of the organisation.

- ✓ *R.M Margono Djojohadikoesoemo:*

A co-operative is an association of people who are willing to work together to advance their economy.

- ✓ *Prof. R.S. Soeriaatmadja:*

A cooperative is a business entity voluntarily owned and controlled by members who are also its customers and operated by them and for them on a profit or cost basis. Thus, a Co-operative is an entity or institution doing business together on the basis of co-operative principles, so as to obtain greater benefits at lower costs through an enterprise that is owned and democratically supervised by its members.

➤ *Foundations of Co-Operatives:*

Co-operatives also have several cornerstones including the following:

- *The foundation of Pancasila:*

As a means to achieve a just and prosperous society, cooperatives cannot be separated from the legal foundations as the foundation of Indonesian cooperatives is Pancasila. In accordance with the soul of the nation's personality, Indonesian cooperatives must realise that within themselves there is a personality as a reflection of life influenced by circumstances, places, time environment, with a characteristic element of God Almighty, mutual cooperation in the sense of working together, helping each other, kinship with the motto of Bhineka Tunggal Ika.

- *Structural Foundation of the 1945 Constitution:*

The 1945 Constitution places Co-operatives in the position as the pillar of the national economy. In the 1993 State Policy Guidelines (GBHN), it was reaffirmed that the essence of national development as the implementation of Pancasila is the development of Indonesian human beings as a whole and the development of Indonesian society as a whole. This is very much in line with one of the functions and roles of cooperatives, which is to improve the quality of human life and society.

- *Mental Foundation of Comradeship and Personal Awareness:*

Therefore, cooperatives as the people's economic movement need to be more involved in development efforts, to achieve more equitable development, grow from below, take root in the community and receive broad support from the people.

- *Operational Foundation Article 33 of the 1945 Constitution, Cooperative Law No. 12 1967, Cooperative Law No. 25 1992:*

Article 33 paragraph 1 of the 1945 Constitution states that the Indonesian economy is organised as a joint venture on the principle of kinship. In its explanation, among other things, it is stated that the prosperity of the community is prioritised, not the prosperity of individuals, and the form of company that is in accordance with this is a cooperative.

Since 21 October 1992, the legal basis of Indonesian Cooperatives, which was originally Law Number 12 of 1967 concerning the Principles of Cooperatives, State Gazette of the Republic of Indonesia Year 1967 Number 23, and Supplement to State Gazette of the Republic of Indonesia Year 1967 Number 2832, changed to Law Number 25 of 1992 concerning Cooperatives. This law was ratified by President Soeharto, and published in the State Gazette of the Republic of Indonesia Year 1992 Number 116.

➤ *Research Methods:*

Qualitative research type through phenomenological approach.

III. DISCUSSION

➤ *Cooperative Management Towards Improving Community Welfare in Gorontalo:*

Cooperatives that are scattered in an area where the existence of the cooperative adjusts to the conditions of an area, culture and characteristics where the cooperative is located has an influence on the level of progress of the cooperative and the community's economy. Such as the existence of cooperatives in Gorontalo City, which shows an uneven distribution in each sub-district.

Therefore, the existence of cooperatives in Gorontalo City requires special attention from the government so that the distribution can be evenly distributed. Because the role and prospect of cooperative development in this area is very important in improving the community's economy.

This can be seen with the existence of government programmes to develop the community's economy, including improving the quality of human resources, creating a conducive climate, direct assistance, and credit.

For this reason, regional development, government programmes related to cooperative policies should be implemented openly, competitively and oriented towards the welfare of the community so as to achieve economic improvement in cooperative members.

Cooperatives in Gorontalo City are still the hope of community members in improving the economy. The number of cooperatives in Gorontalo City reached 231 units, with details of 57 developed cooperative units, 38 developing cooperative units and 136 stagnant cooperative units, the main road factor that makes it easy for members to visit cooperatives, making the distribution of cooperatives in Gorontalo City uneven in each sub-district and only clustered in the city centre. Even so, cooperatives in this city remain a source of pride because they are able to fulfil the needs of the community and the community gets good service.

"The development of cooperatives in Gorontalo City continues to increase, it can be seen from the level of development of the number of cooperatives, the amount of turnover, the development of cooperative assets, the development of the amount of own capital and outside capital of the cooperative which has increased, the development of the amount of residual income, and the existence of cooperative financial management which is carried out transparently to members", Effective and efficient cooperative management strategies so as to improve. Economy Gorontalo Community.

The evaluation results of the Office of Manpower, Cooperatives and MSMEs of Gorontalo City show that the role of cooperatives now occupies an important position as a driving force of the economy and contributes greatly to labour absorption. In addition, the opportunity for cooperative development is also wide open following the Gorontalo City Government's programmatic policy that simplifies all licensing processes. Evidently, from year to year the number grows significantly. As of mid-2018, the number of cooperatives has reached 305 units with 40,924 members.

➤ *The Role of Higher Education:*

The development of cooperatives into resilient business entities facing change requires a touch of professionalism. In this regard, the role of the university world is very important and strategic. It is important in the sense that they have insights that are indeed the scope of activities that can bring cooperatives into modern institutions, while it is strategic considering that academic people have idealism, dedication, and a very dynamic nature that is needed to make changes according to the demands of the situation.

Some of the important roles of universities that may be very useful in the development of cooperatives include:

- *Development of Centre for Applied Research and Development:*

The current condition of cooperatives is still difficult to conduct research and development activities that are clearly needed. This is because in addition to being difficult for co-operatives, it is also substantially expensive, and the cost of research and development activities is a sunk cost that is still difficult for co-operatives to provide.

- *Development of a Business Consultation Centre (business clinic):*

In reality, co-operatives still need concrete management guidance that they face on a daily basis. The establishment of business clinics will greatly help improve the professionalism of co-operative managers.

- *Becoming a Government Partner:*

It is known that the success of cooperatives is the responsibility of the government and the community at large. In addition to having limitations in fostering cooperatives, the government also has to gradually eliminate various forms of subsidies and protection. Therefore, involving universities as partners in cooperative development is necessary. Some of the cooperation programmes that have been carried out include the establishment of business incubators by universities.

- *Large Business Partner:*

It is known that large businesses today also support the development of cooperatives, especially through partnership programmes. However, in reality there are still various obstacles to realising these partnerships. Large companies also have limitations to be able to foster their partners (cooperatives and small businesses), therefore the role of professional third parties such as universities is very appropriate.

- *Creation of New Entrepreneurs:*

The role of universities in encouraging the creation of new entrepreneurs is highly desirable. This is important because the trend shows that most of the labour force of university graduates are not interested in becoming new entrepreneurs. Therefore, universities are also expected to be able to change not only the mindset and attitude of their graduates, but also to encourage students to change their behaviour patterns towards entrepreneurship.

- *The Role of HR in Strengthening Co-Operatives:*

Cooperatives are the economic power of society which grows and develops in the midst of society which is expected to be able to serve the economic needs of members and society. To grow cooperatives, the human resource factor (HR) of cooperative administrators and managers has a very important role, so that the quality of cooperative human resources must be improved. The management and management of cooperatives must be able to act professionally, always continue to learn and improve

the quality of cooperative activities so that with the resources they have, they will be able to prosper all cooperative members in particular and society in general, to have superior human resources, the education factor plays an important role, so it takes the contribution of the world of education to encourage the growth of large-scale and small-scale cooperatives.

The Board and all cooperative management must be professional, skilled, and have insight so that they can bring cooperatives to be more advanced and able to compete in the current era of globalisation, cooperative administrators and managers must have a tough mentality, be creative in building cooperative businesses, and be able to turn challenges into opportunities. In addition, the board must also be able to effectively manage cooperative finances and capital and also be able to build relationships and business networks with other institutions.

The government is trying to take strategic steps to develop cooperatives. However, this does not mean that cooperative administrators and managers always depend on assistance from the government. Instead, cooperative administrators and managers can foster cooperative independence and increase their productivity through more innovative activities based on knowledge and technology. "This attitude of dependence is what makes many cooperatives not develop and even many of them are forced to close their businesses. For this reason, creativity, innovation, and breakthroughs from the management and management of cooperatives are needed to advance cooperative businesses."

IV. CONCLUSION

Cooperatives need to improve quality and competitiveness so that various cooperative activities are able to sustain the economy both internally and externally, cooperatives have a strategic role to activate the economy of the community at large, where currently cooperatives are faced with various challenges to advance the community's economy, cooperatives need to make productive activities so that the products produced will be purchased by the community so as to provide benefits to the cooperative, of course with these benefits will improve the economy of cooperative members who are part of the community.

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