ANALYZING THE DIRECTION OF COOPERATIVES MODERNIZATION ON THE OMNIBUS LAW ERA

Herman Suryokumoro¹, Hikmatul Ula²

¹ Faculty of Law Universitas Brawijaya, email: hermans-fh@ub.ac.id
² Faculty of Law Universitas Brawijaya, email: hikmah_ula@ub.ac.id

Abstract
The idea of cooperative modernization is not new, this idea appears along with the demands of economic globalization which demands the role of cooperatives to be able to compete in the free market struggle. By using a statutory approach this research aims to analyze the direction of the modernization policy as one of the Omnibus Law policies contained in the Cipta Kerja Act. Modernization of cooperatives can be carried out by referring to the aspects of the cooperative, namely in terms of institution, business, and cooperative capital. Business modernization absolutely must be accompanied by digitization. The modernization of cooperatives will not succeed by simply facilitating the establishment and business permits of cooperatives, in that the synergy between the elements associated with the cooperative, including the quadruple helix (government, society, universities and the business world) must also grow the cooperative business. The challenge of cooperative modernization lies in the pattern of cooperative and government relations. In the era of globalization with free competition, the cooperative and government relations phase can no longer be in the officialization phase but must be in the autonomous phase. The modernization policies of the Omnibus Law era must be based on the spirit of growing awareness of cooperatives with the quality of qualified human resources, the spirit of synergy of cooperative ventures with other business entities and the spirit of cooperative autonomy by minimizing political elements - power in cooperative development.

Keywords: cooperative modernization, Omnibus Law, cooperative relations with the government

BACKGROUND
Cooperative comes from the word Cooperation or Cooperative which means cooperation. Etymologically, cooperatives consist of two syllables, namely: co which means joint and operation which means work. So that literally it can be interpreted as working together or popularly known as togetherness¹ or in Indonesian terms it is called gotong royong.

A cooperative is a joint venture which in carrying out its business activities involves all existing members in mutual cooperation, usually as in the activities of a family. This spirit of togetherness is not only in the form of mutual cooperation to be responsible for cooperative business activities but also in the form of having joint capital².

Therefore, it is clear that the role of cooperatives is very important in fostering and developing the economic potential of the community and in realizing a democratic economic life which has the characteristics of democracy, togetherness and kinship and openness. Thus, it can be said that the essence of cooperative identity

is the spirit of kinship and mutual cooperation in building joint ventures as meant in the constitution as Economic Democracy.

Currently cooperatives are faced with two challenges at once, namely first, cooperatives are faced with a digital economic system (industrial revolution era 4.0) where cooperatives must be able to increase their competitiveness and adapt to the use of technology as their business base. Besides, cooperatives in Indonesia are faced with a new policy in the field of law, namely Omnibus Law. The cooperative itself is included in the Omnibus Law for employment creation, the important point in it is that cooperatives and MSMEs are one of the important supporters in investment success, which is the main goal of the Omnibus Law.³

According to the government, there are at least 3 (three) benefits from implementing the Omnibus Law. First, eliminating the overlap between laws and regulations. Second, efficiency in the process of changing / revoking statutory regulations. Third, eliminating sectoral egos contained in various laws and regulations.⁴

In the Draft Job Creation Omnibus Law, there are 11 policy clusters, namely: 1) Simplification of Licensing, 2) Investment Requirements, 3) Employment, 4) Ease, Empowerment, and Protection of MSMEs, 5) Ease of Doing Business, 6) Research Support and Innovation, 7) Government Administration, 8) Imposition of Sanctions, 9) Land Acquisition, 10) Government Investments and Projects, and 11) Economic Zones.⁵

Furthermore, in the policy made by the government, it is stated that cooperatives can play a role in various economic activities, for example in KEK, in the investment sector, and in the business of providing electricity. Thus the position of the cooperative in the Job Creation Bill is very strategic because it can be in every aspect of the business. Therefore cooperatives must be prepared to face opportunities and challenges in the era of the Omnibus Law.

But on the other hand, the cooperative as a populist business still faces internal challenges within itself. Where many cooperatives are not able to carry out their business activities as expected in Law 25 of 1992 concerning cooperatives and as aspired in the identity of the cooperative. This can be seen from the quality of Indonesian cooperatives which are still beyond expectations. Based on data from the Ministry of Cooperatives and SMEs, until 2019 the number of cooperatives in Indonesia reached 123,048 units, of which 20% were declared inactive. In addition, the types of cooperative businesses that exist so far are mostly engaged in savings and loans totaling 72,793 units, 24,593 units of service cooperatives, 16,435 service cooperatives, 5,973 units of producer cooperatives, and the least number of cooperatives engaged in the marketing business of 3,254 cooperative unit.⁶

In order to welcome the Omnibus Law era, the government issued a policy in the form of a national strategy for developing cooperatives and MSMEs consisting of 3 policy pillars. The 3 pillars are the business capacity and competence of cooperatives

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⁵ Article 3 of the Work Creation Bill, Law No 11 Year 2020
⁶ Priority Program of the Ministry of Cooperatives and SMEs in 2021, Ministry of Cooperatives and SMEs of the Republic of Indonesia at the Regional Coordination Meeting of East Java Province, March 2020
and MSMEs, friendly financial institutions for cooperatives and MSMEs, and cross-sector coordination to support the ecosystem. The three pillars are further elaborated into 6 strategies, 18 action plans and 75 activities. In addition, the development of cooperatives is also included in the 1 -pp 5- national priority program in the era of President Joko Widodo's administration, namely strengthening entrepreneurship, MSMEs and cooperatives.

To support these government programs, the Ministry of Cooperatives has made areas of change in cooperative policies so that cooperatives are superior and competitive. Areas of policy change are the integration of cooperatives and MSMEs in the global value chain, scaling up cooperatives and MSMEs (KUMKM graduating), giving birth to new entrepreneurs and modernizing cooperatives.\(^7\)

Interesting to discuss in this regard is the cooperative modernization program. The question arises that are cooperatives today not modern, old-fashioned and out of date? What is the direction of the cooperative modernization policy in the Omnibus Law?\(^8\)

The idea of cooperative modernization is not new, this idea appears along with the demands of economic globalization which demands the role of cooperatives to be able to compete in the free market struggle. However, it seems that until now the government has not found an accurate formula to boost cooperatives in Indonesia to be able to compete. This is evident from the contribution of MSMEs and cooperatives in non-oil and gas exports in 2018 amounting to 14.37% or Rp. 293,840.9 billion of the total national non-oil and gas exports of Rp. 2,044,821.85 billion.\(^8\) It can be assumed that the quality of Indonesian cooperatives is not able to compete with the global industry. On this basis, the modernization of cooperatives must be carried out immediately.

Several steps to modernize cooperatives were mentioned by the Minister of Cooperatives and UMKM, Teten Masduki, who stated that economic modernization can be carried out in three steps, namely, first, improving the business convenience ecosystem for cooperatives; second, making collaborative policies; and third, a system of supervision and deposit insurance for cooperatives.\(^9\)

Referring to this statement, the government has actually not made any new breakthroughs. Convenience ecosystems, collaborative policies and supervision of cooperative loans were carried out in the New Order era. Even in that era, KUD, with its various advantages and advantages, became the main actor of agricultural cooperatives that controlled various lines of the agribusiness sector. However, efforts to promote cooperatives did not work well because government intervention was too great for cooperative activities.\(^10\)

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\(^7\) Ibid


Therefore, it is necessary to examine how the current direction of cooperative modernization in welcoming the Omnibus Law era with the Work Creation Act. By knowing the direction of the cooperative modernization policy, it is hoped that the government and society can synergize in managing cooperatives going forward. Because it cannot be denied that cooperatives are the pillars of the nation’s economy and the only type of business that is in accordance with economic democracy in the Constitution.

RESEARCH METHOD

The research used in this research is legal research using a statutory approach and legal politics. This research is based on the existence of a policy on the Omnibus Law which includes cooperatives and the focus of the study is on cooperative modernization policies. The analysis used a qualitative descriptive technique From the results of the analysis, then the interpretation or interpretation of the law is carried out through the help of methods or teachings on interpretation. The interpretation method used in this research is systematic interpretation and futuristic interpretation.

RESULTS AND DISCUSSION

Political Law and Cooperative Omnibus Law

Political Law can simply be formulated as a legal policy (Legal policy) that will be or have been implemented nationally by the Government, which includes the understanding of how politics affects law by looking at the configuration of the forces behind the making and enforcement of the law. Here, the Law cannot only be viewed as articles that are imperative in nature and obligations which are das sollen in nature, but must be viewed according to a subsystem which in reality (das sein) is not impossible to be very determined by politics both in the formulation of materials and articles as well as in its implementation and enforcement.

Thus, the study of political law includes at least three things: First, State policies (official lines) regarding laws that will be enforced in order to achieve the goals of the State; second, political, economic, social, cultural background (poleksosbud) on the birth of legal products; third, law enforcement in the real world.

Political law theory is used to determine the direction of cooperative development policies in the Omnibus Law era. Based on the political theory of law, it can be seen that the existing cooperative laws and regulations are inseparable from the political configuration factor that is the background of its creation. Thus, the cooperative policies in the Omnibus Law are not value free, laws are made based on certain aims, objectives and paradigms.

Omnibus itself comes from Latin which means for everything. The concept of Omnibus Law is a concept of legal products that serves to consolidate various themes, materials, subjects and legislation in each different sector to become one large and

13 Mahfud MD, ibid, p. 4.
holistic legal product. Thus it can be said that the Omnibus Law policy is intended to simplify and combine several regulations at once.

At first the Omnibus Law was only known in common law countries, but in its development, civil law countries also adopted the Omnibus Law model, including Indonesia. For example, the Omnibus Trade and Competitiveness Act 1998 (OCTA) in America, and the Civil Law and Justice (Omnibus Amendment) Act 2015 in Australia.

President Joko Widodo stated that the economic policies taken during his reign was to continue infrastructure projects, attract as much investment as possible and create jobs. This economic policy is further manifested in the Omnibus Law which aims to encourage investment by cutting regulations and bureaucracy that are deemed ineffective, inefficient and high cost.

The Omnibus Law policy consists of two main issues, namely the work copyright Omnibus Law and the taxation Omnibus Law. The existence of this Omnibus Law policy has brought major changes to the economic sector including cooperatives, because cooperatives are one of the targets in regulating the Omnibus Law. Cooperatives in the omnibus era must comply with the objectives or politics of the Omnibus Law, namely improving the investment climate. To achieve these goals the government facilitates cooperative access to establishments, member meetings, and cooperative businesses.

The cooperative arrangements in the Job Creation Omnibus Law are specifically contained in CHAPTER V Part Ten of the Job Creation Omnibus Law which is still in the form of a Draft Law (hereinafter the Job Creation Bill). The Job Creation Bill will amend several provisions in Law Number 25 of 1992 (hereinafter Law 25/1992) concerning Cooperatives, namely Article 6, Elucidation of Article 17, Article 22 and Article 43.

Article 6 changes the provisions regarding the minimum number of cooperative members, which under Law 25/1992 the minimum requirement for members is 20 people, changing to only 3 people. Article 22 amends the provisions of member meetings with a member representative system. Article 43 provides opportunities for cooperatives to be able to run businesses in all economic fields. In brief, these changes lead to ease of conditions for establishing cooperatives and engaging cooperatives in all economic fields.

When reading from the aspect of legal politics, government legal politics through the Job Creation Bill aims to strengthen the role of cooperatives in the economic system and to align cooperatives with other business entities. However, this is very risky because it is not accompanied by looking at the identity of the cooperative as a human alliance, not merely an alliance of capital. And as a strategic step in strengthening the role of these cooperatives, the government implemented a cooperative modernization policy.

18 Fitriyantica, A. (2019). Harmonization of Indonesian Invitation Laws Through the Concept of Omnibus Law. Echo of Justice, 6 (3), 300-316. DOI: https://doi.org/10.14710/gk.6.3.300-316. p. 303-305
20 Article 5 paragraph (5) of the Job Creation Bill.
21 Article 107 of the Draft Job Creation Law
Policy Direction for Cooperative Modernization Era Omnibus Law

Modernization is a process of transformation from a direction of change to a more advanced or increased direction in various aspects of community life.\textsuperscript{22} In simple terms it can be said that modernization is a process of changing from traditional ways to new, more advanced ways, which are intended to improve the welfare of the community.\textsuperscript{23}

Modernization is a form of social change. Usually it is directed social change which is based on planning (so it is also intended or planened-change) which is usually called social planning.\textsuperscript{24} Modernization is a problem that must be faced by the community concerned, because the process covers a very broad field.\textsuperscript{25} Modernization causes changes in various areas of values, attitudes and personalities.

Therefore it is important to define and provide boundaries of what is meant by modernization in these cooperatives. If modernization is the use of IT in cooperative activities, modernization will lead to digitalization of cooperatives. However, if modernization is interpreted in a broader direction regarding changes in the value system, then it must make radical changes to the cooperative system not only in the business aspect but also in all elements in the cooperative.\textsuperscript{26} If you look at the elements or aspects in cooperatives, the modernization of cooperatives can be carried out in terms of institutions, businesses, and cooperative capital.

Modernization of Cooperative Institutions

A cooperative is a group of people who have the energy to do joint efforts to meet their needs and aspirations. The energy of every person who is a member of a cooperative, is not only in the form of physical and intellectual energy, but also socio-spiritual energy and concern for fellow members, society and the environment. Joint efforts of members are developed in the form of a cooperative company to generate added value and economic, social and cultural benefits in meeting common needs and aspirations. As a company, cooperatives need commitment from members to optimize their potential in developing creations and innovations so that their cooperatives can produce value added and maximum benefits for improving the welfare of members and society.

The role of individual members in cooperating is like cells in the human body. Each cell has a very important role in determining the quality of human life. Likewise, the role of members in cooperatives. The more productive the synergy of the members in cooperating, the healthier and more quality life of the cooperative will be in meeting the needs and aspirations of its members. On the other hand, the more members who are inactive or the condition of members who are not productive, will

weaken the strength of the cooperative, so that the quality of service to members is also getting lower.\textsuperscript{27}

The productivity of the collective efforts of the members is at the core of the cooperative's strength. To produce productive synergies in joint business activities, a value system and principles are needed that bind stakeholders, including members, managers, administrators, supervisors, and the government and the cooperative movement.\textsuperscript{28}

Cooperative institutions in Indonesia can be seen from the organizational instruments set out in Law 25/1992 on Cooperatives. Based on this law, the apparatus of cooperative organizations in Indonesia is a meeting of members, administrators, supervisors and managers.

As of December 2019, the number of cooperative members was 22,463,738 people, and absorbed a workforce of 614,997 people.\textsuperscript{29} This amount is a potential that must be developed in the context of cooperative modernization. Modernization in cooperative institutions is carried out by optimizing all existing roles and potentials in the cooperative organization's apparatus.

First, in the member aspect (member meeting), members are the central aspect of the cooperative where the characteristics of the cooperative that are not owned by other uada bodies are the roles and functions of the members. The main objective of the cooperative is mutual welfare for all members.

Modern cooperatives encourage more active member participation, not only during Member Meetings or at the time of SHU distribution but members take part in every cooperative activity, for example in terms of members' efforts to promote and promote cooperatives with existing media or technology, making online shopping applications etc. In the financial sector, managers and managers of cooperatives provide a financial system that can be accessed by members so that the financial accountability of cooperatives can be monitored. Communication between members and other organs (administrators and managers) must also be improved to provide information related to cooperative development. cooperatives must have competitive advantages over other business organizations in order to win in the competition in the current era of globalization and free trade. Competitive advantage is defined here as an organizational strength that clearly places a company in a leading position compared to its competitors. The real competitive advantage of the cooperative is its relationship with the members. For example, in an agricultural commodity production cooperative, through its members, the cooperative can get cheaper raw materials compared to non-members.\textsuperscript{30}

Second, in the aspect of cooperative management. As mentioned above, the Management is the holder of the power of the Member Meeting who is in charge of managing and managing the cooperative business. Cooperative management must be a visoner and entrepreneurial spirit. Based on research conducted by Lawless et al on cooperatives in the United States, the key criteria for starting a successful cooperative


\textsuperscript{29} Ministry of Cooperatives and UKM RI at the Regional Coordination Meeting of East Java Province, March 2020

are as follows: (1) have visionary leadership who can "read" trends in market developments, technological advances, changing patterns competition, etc.; (2) applying an appropriate organizational structure that reflects and promotes a culture that is best suited to the business concerned (among others, market conditions / competition and the nature of the product or production process of the product concerned); (3) creative in funding (so it does not only depend on member contributions, but also through selling shares to non-members or borrowing from banks); and (4) have a strong business orientation.31

Third, in the cooperative supervisory aspect. In an effort to modernize cooperatives, the role of supervisors is no less important. Supervisors must be able to ensure that the cooperative runs according to its objectives and does not deviate from the cooperative principles (cooperative identity). Ideally, supervision is carried out using a collaborative system, namely supervision from the members themselves (internal) and from the government (external). however, in the effort to optimize cooperative organs in the context of modernizing cooperatives, internal supervision must be emphasized.

Looking at the historical aspect and the identity of the cooperative, the government related to cooperative supervision should be present in the form of regulation. The regulation in question is to regulate how the cooperative is supervised by members. Supervision by these members is to realize the sovereignty of the members. It must be admitted that with this, the government reduces the presence of real cooperative supervision within the cooperative body. Even so, by looking at the history of Law 12/1967 which replaced Law No. 14 of 1965 concerning Cooperatives because it is considered too far in regulating cooperative issues, it is appropriate if the government does not directly attend cooperative supervision but is present in the form of regulation.32

Fourth, in the aspect of cooperative management. Managers are the spearhead of cooperative activities, managers who deal directly with cooperative consumers. Modern cooperative managers must be able to adapt to consumer behaviors. Especially in the digital era where consumer behavior is influenced by the use of information technology. For example, consumers today are more likely to shop online, so this behavior must be understood by cooperative managers and used as business opportunities by creating online shopping applications for cooperative members and consumers in general.

The institutional aspect of the cooperative is the driving force for the cooperative which affects other aspects. Therefore, the modernization of cooperatives must begin with the modernization of cooperative institutions. Institutional modernization cannot be carried out, for example by reducing the number of requirements for cooperative

32 General explanation of the Law 12/1967 shows that the amendment of Law 14/1965 is to reduce the presence of the state (government). The General Elucidation of Law 12/1967 states that the Government's role which is too far in regulating the problems of Indonesian cooperatives as has been reflected in the past is essentially not protective, in fact it greatly limits the movement and implementation of basic economic strategies that are inconsistent with the spirit and meaning of the Law. Article 33 of the 1945 Constitution. Such a thing will inhibit steps and limit the characteristics of self-sufficiency, self-sufficiency and participation, which are actually the main elements of the principle of self-belief, which in turn can harm the community itself.
members from 20 to 3 or 9 to establish a cooperative\textsuperscript{33}, But to the capacity of the organ.

It can be concluded that the modernization of cooperative institutions can be achieved if each organ in the cooperative is able to carry out its roles and functions properly and correctly. For this reason, capacity building of cooperative organs must be carried out. Cooperatives are no longer a base camp for marginalized people who lack skills but have already skilled up.

**Modernization of Cooperative Enterprises**

The Indonesian Ministry of Cooperatives and SMEs noted that until December 2019 the number of cooperatives had reached 123,048 units, of which 20% were declared inactive. Of these total, the most cooperative business types were savings and loan cooperatives totaling 72,793 units, 24,593 service cooperatives, 16,435 consumer cooperatives, 5,973 units of producer cooperatives, and the least number of cooperatives engaged in marketing businesses of 3,254 units.\textsuperscript{34}

Referring to the cooperative's business profile, it can be seen that the community mostly uses cooperatives in the cooperative aspect as a non-bank financial institution. This is of course very positive considering the practice of the community requiring fast (financial) capital, without collateral and avoiding bank interest, although in practice the cooperative also applies interest on every deposit or loan but it can be returned to members in the form of SHU. However, the cooperative's business profile is at the same time a challenge for the government because of the small number of producer cooperatives, even though this sector greatly contributes to the state's financial balance, for example the contribution of cooperatives in exports from the production of cooperatives.

Business modernization is carried out by taking into account the type of cooperative business. Every business has its own treatment and modernization challenges. Business modernization aims to enable cooperatives to enter the global value chain and be competitive.

First, in savings and loan cooperatives (KSP), KSP modernization is carried out in the aspect of managing member savings funds in an accountable and transparent manner. Many of the KSP cases were related to the failure of the management of members' savings which resulted in criminal acts and demands for compensation from the members to the KSP managers who were deemed to have failed their promises and embezzled members' money, namely Langit Biru cooperative, Cipaganti cooperative etc.

KSP as a non-bank financial institution must receive special attention, because what is managed by the KSP is the assets of the members, not merely the currency deposited but there are social and emotional aspects in it. Therefore, the modernization of the KSP can be carried out by entering the KSP in the LPS (Deposit Insurance Corporation) or if not possible, an LPS can be made specifically for the cooperative. With the existence of LPS cooperatives, the level of trust and

\textsuperscript{33} The Job Creation Bill Article 107 paragraph (1) states that primary cooperatives are formed at least three people, and paragraph (2) also mentions secondary cooperatives. formed by at least three people. This provision amends the provisions in Article 6 of Law Number 25 of 1992 concerning Cooperatives where the requirement to establish a cooperative is a minimum of 20 members. The existence of this provision is of course very irrelevant to the identity of the cooperative, where the cooperative is an association of people, not an association of capital.

\textsuperscript{34} Priority Program of the Ministry of Cooperatives and SMEs in 2021, Ministry of Cooperatives and SMEs of the Republic of Indonesia at the Regional Coordination Meeting of East Java Province, March 2020.
performance of the KSP will increase. KSP is not active or problematic will be reduced because the existing supervisory system in the LPS is also implemented by the KSP.

Second, in consumption cooperatives. This cooperative business is generally in the form of a minimarket or convenience store that provides various needs for members. Modernization of consumer cooperative businesses is carried out by digitizing the business. This follows the development and changes in consumer behavior in the industrial era 4.0 and the new normal era, where consumers prefer shopping through online media rather than directly.

This consumer cooperative business is the one that can adapt quickly to modernization - digitization. However, it should be noted - once again - for consumer cooperatives in rural areas that are still lacking in technology, this is certainly a formidable challenge. As long as access to information technology is still uneven, digitalization of cooperative businesses will be difficult to achieve.

Third, in production cooperatives. As stated earlier, the contribution of production cooperatives to export value is still low. This shows that cooperative products are still not able to compete globally. Concrete steps are needed to realize the government program on "Cooperatives and Class Up Class SMEs". The modernization of the production cooperative business cannot be carried out by the cooperative alone, but it needs support from various related stakeholders, namely the government, society, universities and the business world (quadruple helix system).

To improve the quality and production capacity of cooperatives requires innovation and technology support from higher education institutions that will be applied by the cooperative. In addition, to enter into the market mechanism, cooperatives need large industries as partners, meanwhile cooperatives need regulatory facilities from the government.

As an example, an illustration of a cassava farmer cooperative as a provider of raw materials to supply the industrial needs of light food made from cassava. These raw materials have been standardized because they have been grown using certain technologies produced by agricultural experts from universities. The planting and processing of cassava by industry also involves the local community.

From the illustration above, it can be seen that the role of cooperatives in a supply chain system is supported by other stakeholders who are related to one another. Thus the cooperative business will continue to grow and develop.

From these different treatments, there is one point in common, namely the use of technology in cooperative business. Modernization absolutely must be accompanied by digitization. The digitization of cooperatives is still a homework for cooperatives, especially village cooperatives that still use conventional technology.

The results of research by the National Cooperative Council for the East Java Region in 2019 show that of the five regions used as research samples (Malang City, Malang Regency, Batu City, Blitar Regency and Kediri City) around 30% of cooperatives have implemented information technology in their business, both of which have applied high technology and medium technology, while 70% of the

Modernization of cooperative business will not succeed simply by facilitating the establishment permit and cooperative business license alone, in that the synergy between the elements related to the cooperative including the quadruple helix (government, society, universities and the business world) must also grow cooperative business.

Modernization of Cooperative Capital

There are at least three basic reasons why cooperatives need capital, among others: First, to finance the process of establishing a cooperative; commonly referred to as pre-organizational costs. These costs are incurred, among others, for the purposes of drawing up a deed of establishment or Articles of Association, paying administrative costs for processing the necessary permits, obtaining status as a legal entity, renting a place or space to work, transportation costs, and so on. Generally, these costs are incurred in advance personally and individually by the co-founder or sponsor; and will be calculated to be returned at a later date when the cooperative is established. To set up a secondary cooperative, usually these pre-organization costs are given or provided in advance by the members who sponsor the primary cooperative cooperatives which are later calculated as expenses from members in the initial balance.

Second, to buy capital goods; such as, among others, paying compensation for business premises in the form of land or buildings, machinery, industrial or production equipment and others, long-term needs according to the type of cooperative business. In the company's calculations, these capital goods are classified as fixed assets, fixed assets or long-term capital goods. The types and values also vary according to the basic needs of the cooperative concerned. Usually, in secondary cooperatives, these capital goods can also be provided by the members in the form of inbreng deposits of principal savings or mandatory deposits. However, it can also be in the form of temporary loans to cooperatives which can be considered, for example, as rent that does not need to be paid, and other methods carried out by the founders in order to raise initial capital for the cooperative according to the needs of the cooperative business as they mutually agree.

Third, for working capital. Working capital - working capital - this is usually used to finance the operational costs of the cooperative routine costs in running its business, including costs incurred to pay: wages, salaries, rent, electricity, transportation, raw materials, stationery, and others.

There are two sources of capital that can be used as cooperative venture capital; first, capital obtained directly, and second, capital obtained indirectly. Actually there is no fundamental difference in how to get the two capitals, but in the first way, the capital is obtained directly by the cooperative from its members and from third parties. Meanwhile, in the second way, capital is by taking advantage of the facilities owned by the cooperative or by reducing operational costs.

Modernization of cooperative capital can be done by optimizing the direct source of income of the cooperative both from members and third party loans. Modern

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39 Ibid
cooperatives must be integrated with banking and other financing or capital institutions. In this case the use of fintech is very possible.

In the event that a cooperative obtains capital from fintech, it can be said that the position of the cooperative is as a borrower. Normatively, there is no prohibition for cooperatives to increase capital by borrowing from other parties (other than members) including fintech as a financial institution, either through peer to peer landing or crowd funding. However, what must be emphasized is the aspect of monitoring the credibility of the cooperative as a borrower - it can also be a fintech actor - or the fintech company.

Cooperative Modernization Challenges

The challenge of cooperative modernization lies in the pattern of cooperative and government relations. The relationship pattern referred to here is how much government intervention is towards cooperatives. The relationship between cooperatives and the government underwent changes in line with the legal politics of the government at that time. Government involvement in cooperation goes through several stages or phases, namely the officialization phase, de-officialization phase and the autonomous phase.

In the officialization phase, the role of the government in the process of birth and growth of cooperatives is very dominant. Here the government can act as an advocate and provider of funds for cooperatives and enter into the cooperative organizational structure. Furthermore, in the de-officialization phase the government has begun to gradually reduce its role. The government is no longer part of the cooperative organizational structure. And in the end, in the cooperative autonomy phase, the government only acts as a regulator and facilitator. Supervision is carried out democratically and independently by the cooperative members themselves, the government is only the provider of regulations.

The pattern of cooperative relations with the government is also influenced by the system or form of the selected country's economy. In developed countries whose economic systems tend to be liberal-capitalistic, the role of the state towards cooperatives is very low. Cooperatives are in an autonomous phase so that they are considered the same as other business entities. The role of the state only as a provider of regulations and cooperatives is born from the spirit of competition from the free market system.

It is not possible to equate cooperatives in developed countries with developing countries like Indonesia, because the history of the birth of cooperatives is different in that country. However, efforts to modernize and develop cooperatives in developed countries are exemplary. Efforts to modernize cooperatives are unlikely to succeed without modernizing cooperative relations with the government.

There are at least three roles of government in cooperatives that can be modernized, namely Supervision, Empowerment and Guidance. First, the supervisory role. To ensure the sustainability of an organization, supervision is important to do. Supervision can be carried out internally, namely by and from within the cooperative organization itself or external supervision by involving external parties, in this case the government. The basis for the government to supervise cooperatives is that the

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42 Tambunan, T. Op Cit. P. 73
government (in the executive sense) has the authority to legalize the establishment of cooperatives or to grant legal entity status to cooperatives as well as revoke or dissolve them. As the party that grants the status, it has the authority to monitor what it has given. Regarding the authority to dissolve or revoke the status of a cooperative legal entity, it has also been regulated in Article 46 of Law 25/1992, namely: the dissolution of a cooperative can be done based on: a) a decision from a member meeting, or b) a government decision.

Thus, the supervision carried out by the government on cooperatives is a normative obligation of the government. The government must supervise cooperatives related to formal matters that have been given by the government. For example, requirements related to the establishment of a cooperative, the use of the status of a cooperative legal entity, the operation of the cooperative in accordance with the objectives of the cooperative and the government, and so on, all of which lead to the identity of the cooperative as a measure of its supervision.

Second, the role of coaching. Coaching is an act, process or statement to be better. Coaching is a strategy of a normative system of renewal and change, which explains how changes and reforms are planned and implemented. The aim of coaching is to achieve effectiveness and efficiency in a continuous change and renewal. Coaching is closely related to the function of education and training. In this case, the government has a role to facilitate or provide education and training for cooperatives, this education and training is related to the organization and business of cooperatives. The government, through the authorized institutions, the ministry of cooperatives and SMEs, can provide cooperative education and training for the community.

In relation to this role of guidance, Law 25/1992 has regulated Articles 60 to 64. In Article 60 of the Law, it states that in the framework of fostering cooperatives, the government creates and develops a climate and conditions that encourage the growth and socialization of cooperatives by providing guidance, convenience and protection to cooperatives. This guidance is carried out so that the cooperative can run well in accordance with the goals and expectations of its members.

In terms of providing guidance to cooperatives, of course the government cannot run alone considering the large number of cooperatives while the government budget is very limited. Therefore, efforts to provide guidance and / or empowerment are carried out by involving universities and the private sector. The role of tertiary institutions will be very beneficial for increasing the productivity and innovation of cooperatives while the private sector is needed by cooperatives in terms of the market. Third, the role of empowerment. Empowerment as a translation of empowerment contains two meanings, namely 1) to give power or authority or to give power, transfer power, or delegate authority to other parties, 2) to give ability to or to enable or efforts to provide ability or empowerment. In short, empowerment can be interpreted as an effort to give power to other parties in order to become capable or empowered.

Not much different from the role of guidance, the role of empowerment by the government for cooperatives is aimed at ensuring the sustainability of cooperatives in the midst of a market economic system. The government pays more attention to cooperatives as the pillars of the national economy so that they can compete with other economic actors, BUMN and private. In the context of empowerment, the

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government can provide facilities for access to capital and human resource development for cooperatives. For example, providing venture capital with low interest rates, ease of product marketing, and so on.

What should be avoided in the modernization of cooperative relations with the government is practical political intervention in cooperative policy. Excessive politicization of cooperatives will have a negative impact on the development of cooperatives. This can be seen from the change in cooperative policies along with the “campaign” of the government in power.

Modernization must refer to a clear and consistent roadmap from the phase of officialization, de-officialization to cooperative autonomy. This road map must be carried out by whoever the government is in power so that it is clear about the current position and condition of the cooperative to face the free market. Forced policies are also bad for cooperatives. Cooperatives that are not ready for the new policy will lose their identity, cannot compete and end up inactive.

CONCLUSION

In the era of globalization with free competition, the cooperative and government relations phase can no longer be in the officialization phase but must be in the autonomous phase. However, to achieve cooperative autonomy which is competitive, it needs preparation from the government, especially the cooperatives themselves as business entities. Modernization must be carried out, but it is necessary to note that in the modernization of cooperatives it is not permissible to uproot the roots of cooperatives as a people-based business.

The modernization policies of the Omnibus Law era must be based on the spirit of growing awareness of cooperatives with the quality of human resources, the spirit of synergy of cooperative ventures with other business entities and the spirit of cooperative autonomy by minimizing political elements (power seekers) in cooperative development.

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