

The Development of “Tomira” Village Cooperatives (*Koperasi Unit Desa/KUD*) in Kulon Progo Regency

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Abstract—Many people-oriented economic models have been developed by several countries in the world. One of them is cooperative economic model which applied in Indonesia. There are some interesting and worth things to be examined related to the development of cooperatives in Indonesia. One of them is a cooperative in Kulon Progo Regency, a Regency in the westernmost tip of the special region of Yogyakarta. Kulon Progo regency was able to develop Tomira (*Toko Milik Rakyat*) or People’s Store, a pro-people-economic model. Tomira is a cooperative partnership model between cooperatives and network modern stores. The approach used in this research was a qualitative approach with Research and Development (R & D) research type. A qualitative approach used since the aim of this research was to uncover in depth about how the development of Village Cooperative (*KUD*) model in Kulon Progo Regency is. The results of the research are as follows: first, the development of Tomira (People’s Store) as the Village Cooperative (*KUD*) model in Kulon Progo Regency; second, the emergence of Tomira (People’s Store) was able to empower local products to gain modern market share; third, Tomira (People’s Store)’s partnership program was able to improve the welfare of rural communities in Kulon Progo.

Keywords—*cooperative; people-oriented economic; Tomira (people’s store)*

I. INTRODUCTION

There are numerous people-oriented economic model developed by several countries. One of them is a cooperative economic model which applied in Indonesia. The basic rule of cooperative is working together to achieve certain goals. According to the Law Number 12 of 1967 concerning the Basic Principles of Cooperative, which later completed by the Law Number 25 of 1992 concerning Cooperatives, it stated that cooperatives are business entities whose members are individuals or legal cooperatives entities by basing their activities on the basis of cooperative principles as well as people-oriented economic movement based on the principle of kinship [1].

Cooperative is developed into several types in Indonesia. Village Cooperative (*KUD*) is one of these types. Village Cooperative (*KUD*) is a cooperative in a village level which aimed to improve the welfare of its members in particular and the rural communities in general [2].

The popularity of cooperative has declined recently. The role of cooperative as an economic support for the

community is far from optimality. The dominance of the global economy through the development of transnational companies is increasingly unstoppable, so that its impact shifts the economic welfare of local communities. Local products are less competitive in modern market, making it difficult to offer products to the wider community [3].

One of the kinds of modern market in rural communities is the proliferation of franchise retail stores, such as Alfamart, Indomaret and similar minimarkets which develop increasingly in almost all corners of the country. The existence of traditional markets and small shops selling local products from community works began to be shifted by the presence of these modern markets. The food stalls experience powerlessness in competing against the modern markets due to the limited capital. Micro Small Medium Enterprises (MSMEs) products cannot penetrate to the modern market due to their limitations and the standardization applied in the modern market.

Based on this situation, strengthening the cooperative is considered as an accurate solution to overcome these problems. There is something interesting and should be studied in relation to the development of cooperative as a visualization of the development of people-oriented economy in Indonesia. Kulon Progo Regency, a district located in the westernmost region of the Special Region of Yogyakarta, successfully developed a Tomira (People’s Store), a people-based economic model managed by village cooperative. Next, this article will discuss the Village Cooperative (*KUD*) development model in Kulon Progo Regency.

II. METHODS

This research was conducted in Kulon Progo district. The district was chosen because it has been successful in developing people’s economy based on small-medium enterprises. Besides, Kulon Progo district has gained an award for people’s economy management from the Ministry of Micro, Small & Medium Enterprises (MSMEs) of the Republic of Indonesia.

The approach used in this study was a qualitative approach with Research and Development (R&D) research type. A qualitative approach was chosen since this research would like to uncover in depth about how cooperative development of Village Cooperative (*KUD*) model in Kulon Progo Regency. The subjects and informants in this study

were economic agents, managers of Tomira (People's Store), and the Cooperatives and Small and Medium Enterprise Office of Kulon Progo regency. Data collection in this study would be conducted in four ways, namely; observation, interviews, focus group discussions and documentation. The data were analyzed by collecting data, reducing data, presenting data, and concluding.

Data triangulation technique is used to ensure the validity of the data. This is achieved by crossing the results of interviews with the results of field observations.

The data analysis technique used in this study is qualitative data analysis techniques, that is, the efforts made by working with data, organizing data, selecting it into manageable units, synthesizing it, finding patterns, expressing what is important and what is learned and deciding what can be told to others [4].

III. DISCUSSION

The application of the Tomira (People's Store) is an inseparable part of the spirit of *Bela Beli Kulon Progo* which was campaigned by the Regent of Kulon Progo, Mr. Hasto Wardoyo. The implementation of *Bela Beli Kulon Progo* spirit was the emergence of the government regulations through the Regional Regulation Number 11 of 2011 concerning Protection and Empowerment of Traditional Markets and Arrangement of Shopping Centers and Modern Stores. One of which stated that shopping centers and modern stores are less than 1 km from the traditional market must be closed (not allowed to operate).

The emergence of the Regional Regulation No. 11 was a momentum to empower cooperatives and MSMEs as a representation of people-oriented economic movement. As the consequence, the modern minimarket network such as Alfamart and Indomaret with a distance of fewer than 1,000 meters would be subject to closure sanctions. Responding to the regulation, the Kulon Progo Regency government provided an alternative solution to bridge the interests of all parties to be accommodated [5].

The district government cooperated with Alfamart and Indomaret to support the existence of this policy by both having alignments in pro-people-oriented economic model, namely cooperating with cooperatives and MSMEs. Therefore, an agreement emerged to collaborate in community economic empowerment in partnership with Cooperatives, Micro, Small and Medium Enterprises through the People's Store program (Kulon Progo Regency Cooperatives and MSMEs Office).

Tomira (People's Store)'s business model was different from Alfamart and Indomaret management, which was no longer a Monopsonist in the management of manufacturers, meaning that there were other suppliers. In addition, there was no more so-called Royalty payment, the use of the Shop Management Operating System, supply chain management and no fees merchandise or fee management. Therefore, this is not only the supply of manufactured goods, but it is also the supply and sales of local MSMEs products done in Kulon Progo Regency. The supplier status of local MSMEs products was equivalent to the manufacturing companies, which were both suppliers (Kulon Progo Regency Cooperatives and MSMEs Office).

There were two shifting patterns from Alfamart to Tomira (People's Store). The first model was Alfamart's collaboration with cooperatives. The second model was Alfamart's collaboration with *Comanditaire Venootschamp* (CV), a business unit with the limited capital, involving the owners and cooperative. 100% profit went to the cooperative. Alfamart only provided HRD management training improvement, such as training to prospective employees, ticketing, operating barcodes, and training using electronic payment cards. Whereas, *Indomaret* was not directly taken over by the cooperative, but only cooperated with cooperatives by profit sharing of 5% given to the cooperatives.

Meanwhile, the second management pattern was partnering with *Indomaret*. For this second pattern, there was no takeover of *Indomaret* stores by the cooperatives, but only cooperation with the cooperatives with profit sharing which was usually 5% given to the cooperatives. The form of cooperation could be in the form of being a supplier of MSMEs products available to Kulonprogo people. As the eye principle, Tomira (People's Store) was not allowed to become a franchise, but each Tomira (People's Store) might only be owned by one cooperative. In other words, every single Tomira (People's Store) was only owned by one business cooperative (KSU) unit.

Until 2017, there have been 13 Tomira (People's Store) in Kulonprogo. Therefore, there were 13 KSU Units as the owners. The profit sharing system carried out between Tomira (People's Store) managers and KSU was distributed to the cooperative members in the unit that managed the Tomira (People's Store), but it is not all members of the cooperative. While, according to the rules, Tomira (People's Store) provided 20% of the space for selling local products. This was done because there was a prior agreement in the partnership that other products were marketed in Tomira (People's Store) besides Alfamart and Indomaret's.

Tomira (People's Store) also sold MSMEs products in Kulon Progo, including farmer group association (*Gapoktan*). Native rice in Kulon Progo is produced by *Gapoktan* farmer groups in Kulon Progo, and mineral water namely Air Ku (My Water) produced by PDAM Kulon Progo. Moreover, there were various kinds of souvenirs produced by MSMEs, and there were more than one hundred MSMEs products under the food product association marketed in Tomira (People's Store). However, not all products could be sold. Here are some examples of local products from Kulon Progo that were displayed at Tomira (People's Store).

Kulon Progo MSMEs played a role in supplying merchandise in Tomira (People's Store). Up to now, there were approximately 100 MSMEs registered as permanent suppliers in Tomira (People's Store). The distribution mechanism for these MSMEs products was deposited first in the KOPANEKA cooperative, and then the cooperative distributed it to Tomira (People's Store).

The implementation of the Tomira (People's Store) partnership provided opportunities for MSMEs products to be able to align their sales within the modern shop market. Cooperative also provided facilitation in the form of trainings, tools, and packaging assistance for local MSMEs

who were the members of cooperatives and non-members (Kulon Progo Regency Cooperatives and MSMEs Office). The following is the flow of cooperation developed by Alfamart, MSMEs and Tomira (People's Store) based on data collected from Kulon Progo Regency Cooperatives and MSMEs Office.

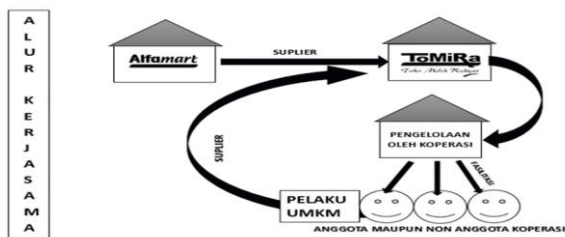


Fig. 1 Flow of Cooperation between Alfamart, MSMEs and Tomira (People's Store) as in [6]

The application of the Tomira (People's Store) model was able to accommodate the interests and participation of the community, so that its contribution can improve the welfare of the community itself. The embodiment of cooperative was a concrete manifestation of the community image which, with their strength, was able to determine the direction of development and capacity building in themselves.

The innovation of the cooperative's development in the form of Tomira in Kulon Progo Regency was a tangible manifestation of the beginning of the pro-people-oriented economic model in Indonesia. This condition was in line with the opinion of [7], the cooperatives can be maximally developed to be able to compete with foreign products if modified by SME (Small and Medium Enterprises)-centered models. Given that the majority of our pro-people-oriented economic model was still in the micro-scale with very limited capitals.

The development role of cooperatives was a concrete manifestation that the community has begun to move towards independence. This is in line with the empowerment theory which stated that society can be said to be independent if they are able to build dynamics. Consequently, our founding

fathers' ideal to encourage Indonesian to be independent can be realized in reality.

IV. CONCLUSION

The conclusions in this article are: first, the development model of the Village Cooperatives (KUD) in Kulon Progo Regency was Tomira (People's Store). Second, the emergence of Tomira was able to empower local products to gain modern market share. Third, through the partnership program, Tomira was able to improve the welfare of rural communities in Kulon Progo.

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