

# Cooperative Law Agency in Development of Tourism Based on Rural Communities

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**ABSTRACT**--*This study aims to examine and describe conceptually about cooperatives as legal entities in the development of the tourism sector in Indonesia. Cooperative as a legal entity can play a role in the development of tourism, especially in rural areas. Tourism is one of the leading (leading sectors) of national development, has considerable potential to develop and support the Indonesian economy. The problem in the management and development of tourism potential, especially in rural areas, is not yet utilizing cooperatives as a business entity. By using the method of doctrinal legal research through conceptual and statutory approaches, this paper examines how cooperatives as legal entities can play a role in developing community-based tourism in rural areas. Based on the results of the study, first of all, cooperatives are the pillars of the state to advance public welfare. The state is responsible for alleviating poverty and unemployment. In this case, the cooperative can contribute to the development of tourism in the countryside. Tourism as an industry is a business activity that involves many parties. Cooperatives as a legal entity can play a role in managing legal relations by mobilizing various potential resources in the countryside to develop tourism.*

**Keywords:** *cooperative, tourism, rural*

## I. INTRODUCTION

Tourism is a service and service industry that includes various business activities that support economic progress. The tourism industry, as a social and economic activity, has developed internationally as one of the largest industries in the world. This is marked by the development of the number of tourist visits and the income derived from international tourists. Based on reports from the World Tourism Organization (WTO), the total number of tourist arrivals around the world in the last three years has almost reached 1 billion people per year. Likewise, tourism in Indonesia has experienced significant development in 2018-2019. The direct impact of tourism on the economy, in addition to being a source of foreign exchange, also contributes to job creation, income redistribution, and strengthening the balance of payments. Likewise, for local communities, providing significant benefits to the regional economy, especially income and new jobs in the area.[1]

In addition to having natural resources, Indonesia also has human and cultural resources, which are potential for

tourism development. In Law No. 10 of 2009 concerning Tourism, Article 1 number (3) states that tourism is a variety of tourism activities and is supported by various facilities and services provided by the community, entrepreneurs, the Government, and Local Governments. While tourism is a trip for a person or group of people to a place for recreation, personal development, or to learn the uniqueness of the tourist attraction that is visited in a temporary period.

Tourism is a basic human need both individually and socially. With tourism, a person can develop himself from both physical and spiritual aspects. Likewise, socially for the community, tourism provides many benefits through various activities such as socio-economic and cultural, education, research, and so on. Referring to the definition of tourism, a place is needed to reach the destination of the trip. The place referred to in Article 1 number (6) of the Tourism Act is called a tourist destination, which is a geographic area that has tourist attractions, public facilities, tourism facilities, accessibility, and so on. Various regions can become tourist destinations as long as they have an attraction for tourism including rural areas.

A village can become a tourism area not only because it has a uniqueness and tourist attraction but also must have various facilities that support tourism. According to Nuryanti (1993) Tourism village is a form of integration between attractions, accommodation, and supporting facilities that are presented in a structure of community life that integrates with applicable procedures and traditions.[2] These facilities can be provided by the Government, entrepreneurs, or the community concerned. Rural communities can do tourism business individually or in groups by forming a business entity. One form of business entity is a cooperative, which is a joint venture that can be formed or established based on Law Number 25 of 1992 concerning Cooperatives.

Cooperative as a business entity with a legal body consisting of people is an economic institution as well as a social institution in the community. Cooperatives as economic institutions can do business in the field of

tourism. In addition to providing facilities, it can also undertake various goods and services related to tourism. In this case, the cooperative can play a role in developing tourism in the countryside. For this reason, this paper aims to examine from a legal perspective the role of cooperatives as legal entities in the development of rural-based tourism in the community

## II. RESEARCH METHOD

This legal research uses the doctrinal method by using a conceptual and statutory approach. Based on opinions and doctrines, as well as laws and regulations, this study examines cooperatives and their role in tourism development. The legal materials that are reviewed and analyzed in this study use primary, secondary and tertiary legal materials. The collection of legal materials by conducting library studies sourced from literature or literature, documents relating to legislation and documents that already exist. Data analysis uses qualitative analysis.

## III. FINDINGS AND DISCUSSION

### A. Community-Based Tourism

Indonesia's vast territory with a diversity of resources both natural, human and cultural resources is a potential wealth for tourism development. Tourism activities are industrial activities that have developed rapidly in the world as well as in Indonesia. In national development, tourism is one part of economic development to achieve community welfare. Tourism is a strategic sector in moving the Indonesian economy and becoming part of global tourism. According to Rusman (2004), the 3T revolution namely transportation, telecommunications, tourism, which took place showed that tourism activities had become a force capable of accelerating the process of world unification in economic integration and human movement across regions across and countries. [3]

Tourism has been developing since the Dutch colonial period in Indonesia. Officially began in 1910-1912 with the formation of the Vereeniging Toeristen Verkeer (VTV), which is a tourist bureau or tourist bureau based on the Decree Governor of General at that time. [4]. Until now, tourism activities continue to grow rapidly. From the economic aspect is a reliable sector in the national economy. In addition to being a contributor to the country's foreign exchange tourism sector is also an instrument of equitable development and improvement of people's welfare. As Ridwan Hisam (Member of the House of Representatives of Komisi X) said, in developing tourism, especially in the regions, it must be oriented to regional development, relying on the community and empowering the community and institutions. That is because tourism serves to meet the physical, spiritual, and intellectual needs of every tourist with recreation and travel, and it is to

increase the country's income to realize the welfare of the people. [5].

Tourism, which has developed as an industry in the world, has both positive and negative impacts on people's lives. As Glenn Kreag said, there are seven general categories of impacts from tourism activities, namely (a). Economic; (b). Environmental; (c) Social and cultural; (d). Crowding and congestion; (e). Services; (f). Taxes; (g). Community attitude. [6] About its impact on the environment, in general development in tourism must refer to the concept of sustainable development. A development concept formulated by The World Commission for Environmental and Development (WCED), namely the world commission for environment and development, which was formed by the United Nations General Assembly. The concept of sustainable development was then coined in the Declaration of the Earth Summit in Rio de Janeiro 1992,

Burns and Holden (1997) was adapted for tourism as a model that integrates the physical environment (place), the cultural environment (host community) and tourists (visitors). The strategic approach to sustainable tourism by France (1997) is suggested small-scale, local management, and provide benefits to the community at large. [7] Furthermore in Agenda 21 and the WTO (World Tourism Organization) defines sustainable tourism: "... meets the needs of present tourist and host regions while protecting and enhancing opportunities for the future. It is envisaged as leading to management of all resources in such a way that economic, social, and aesthetic needs can be fulfilled while maintaining cultural integrity, essential ecological processes, biological diversity and life support systems (Insula, 1995). Likewise in the Charter Sustainable tourism, which was recommended at the World Conference on Tourism in 1995, emphasized that tourism must be based on sustainable criteria, in essence, that development must be supported ecologically in the long run and at the same time be economically feasible, ethically and socially fair to local communities. [8]

Cronin (Sharpley, 2000: 1), conceptualizes sustainable tourism development as a development that focuses on two things, namely tourism sustainability as an economic activity and considers tourism as an element of broader sustainable development policy. Furthermore, according to Stabler & Goodall (Sharpley, 2000: 1), sustainable tourism development must be consistent or in line with the principles of sustainable development. Yaman & Mohd (2004: 584) states the development of sustainable tourism is characterized by four conditions: a). Community members must participate in the tourism planning and development process; b). Education for the host, industry players, and visitors or tourists; c). The quality of wildlife habitat, energy use, and microclimate must be understood and supported; d). investment in alternative forms of transportation. [9]

The implementation of sustainable tourism development in Indonesia as part of national economic development is by following with the principles of the

concept of sustainable development listed in Article 33 paragraph (4) of the 1945 Republic of Indonesia Constitution. This concept has been adopted and is a commitment and constitutional basis from national development. In this context the indicators of sustainable tourism development developed by the Government of the Republic of Indonesia (Anonymous, 2004) are: (a) awareness of environmental responsibility, that sustainable tourism development strategies must place tourism as a green industry, which is the responsibility of the government, industry tourism, society, and tourists; (b) increasing local government in tourism development; (c) the empowerment or ability of the tourism industry to create tourism products that can compete internationally, and prosper the community at tourist destinations; (d) community partnership and participation aimed at eliminating or minimizing the difference in the level of welfare of tourists and the public in the tourist destination, to avoid conflict and domination from one another. This is supported by the development of small-scale businesses by local communities. [10]

According to Page (2009), as quoted by Binahayati Rusyidi, in the development of tourism there are several approaches including a boosterism approach, the economic industrial approach, the physical spatial approach, the community approach, and a sustainable approach. [11] From these approaches the community approach is more relevant to the concept of sustainable development, namely the community approach as a community emphasizes more on the empowerment of local communities where tourism is developed. This approach is known as community-based tourism (CBT) whose principle is in line with the concept of sustainable development.

The basic concept of community-based tourism (CBT) is related to the concepts of sustainability, empowerment, and independence (Giampiccoli and Kalis 2012: 174). This concept emphasizes more on environmental, social and cultural sustainability as well as the role of local communities in their management and ownership. The CBT concept contains principles including nature conservation and the ability to prevent environmental degradation (UNEP and WTO 2005; Suansri 2003; Brohman, 1996). The creation of jobs in the field of tourism, community participation, namely placing the community actively participating in tourism development (Suansri 2003; Nasikun 2000), basing on the principle of education (education) of human resources (Suansri 2003) .; maintain unique values in the form of customs, traditional ceremonies, beliefs, traditional performing arts, and special crafts that are owned by the people in the area. (Demartoto 2009) [12]

The third message of the Government of the President of Indonesia, Joko Widodo, stated that "Building Indonesia from the periphery by strengthening regions and villages within the framework of a unitary state to develop Indonesia must be from the periphery". Related to this it can be

realized through tourism development by applying the concept of CBT. CBT development opens opportunities for people in rural areas to be actively involved in developing and seriously developing tourism destinations in their regions. Community-based tourism (CBT) is a community development concept that will strengthen the ability of rural communities to manage the potential of available tourism resources while ensuring the involvement of local communities in these activities (Jamal & Getz, 1995; Responsible Travel, 2009). [13]

Based on data from the Central Statistics Agency (BPS), by the end of 2018, the number of villages in Indonesia would be 83,931 villages, and 1,734 villages would be tourist villages. According to Arif Yahya as the Minister of Tourism of the Republic of Indonesia in 2016, the villages in Indonesia that have the potential to become tourist villages are very numerous. For the marine tourism village category, the number reached 787 villages. River Tourism Village category, the number reached 576 villages. Irrigation Tourism Village, the number penetrates 165 villages. And Lake Tourism Village, the number reached 374 villages (liputan6.com). [14] With so many villages with potential, tourism development can be carried out by applying the concept of CBT in various regions.

To be able to actively participate in CBT management, local communities can do business both individually and in groups. One form of group business is cooperative. By forming cooperatives, local communities can jointly manage and develop their regions as tourist destinations. Cooperatives as an economic institution can gather members of the community doing business in the field of tourism. At the same time as a social institution can empower and educate its members through various fields to maintain and develop the local culture and the surrounding natural environment. Cooperatives are established at least 20 peoples so that through tourism management and development cooperatives can involve many community members in an area.

### *B. Cooperatives in Community-Based Tourism Development*

Cooperatives based on Article 1 number (1) of Law No. 25 of 1992 is a business entity consisting of individuals or cooperative legal entities whose activities are based on cooperative principles as well as the people's economic movement. Cooperative as a business entity is a form of company that is different from other forms of business entity such as firms, limited partnership or limited liability companies. A company is an activity that is continuous and frankly aimed at seeking profit. Whereas cooperatives as Article 3 of the Cooperative Law aim to advance the welfare of members in particular and the community at large. Likewise, as a business entity, a cooperative is formed by at least 20 members, who are both owners and users of cooperative services (customers) as mentioned in Article 17 paragraph (1).

According to Moh. Hatta, the cooperative is a joint effort to improve a lot of economic livelihoods based on helping to help, driven by the desire to provide services to friends in the spirit of 'one for all and all for one'. Cooperatives are good educational elements to strengthen the economy and morals because cooperatives are based on two joints that strengthen one another, namely solidarity, loyal friends, and individuals, an awareness of self-esteem. Solidaritas already exists in the original Indonesian community in the village and appears to come out as a helping hand or mutual assistance. [15]. Based on the terminology, the meaning of the word cooperative means a group of people who unite voluntarily to meet economic, social and cultural needs, through a company that is owned and controlled by themselves. [16]

Referring to some of the notions of cooperatives, the essence of cooperatives is a forum for meeting together to meet the needs together to improve welfare. In this context, cooperatives as economic institutions facilitate members to work together to do business or manage a company for profit. Obtaining benefits, in this case, is for the benefit and improvement of the common welfare. But as an economic institution, cooperatives do not focus solely on economic interests. As Hans H. Muenkner's opinion, cooperative organizations can be distinguished in terms of economics and sociology. In the sense of sociology, cooperative-organization is an association of people who agree to work together for a certain period on the basis of equality and under a democratically supervised leadership, to overcome shared economic difficulties. [17].

Furthermore, the purpose of cooperatives is to meet the economic, social and cultural needs of members. Cooperatives as a collection of people, not only require physical needs, but also non-physical related to social and cultural needs. Relationships among members can influence and complement each other to meet the needs of society, security, respect, spiritual needs, knowledge. Therefore it is said that cooperatives are social-economic institutions. With this social character, the cooperative is also a social institution as well as an educational institution. In a cooperative forum, members receive education especially character education to build positive mental attitude, independence, and expertise.

In connection with the concept of sustainable development, cooperatives as economic institutions with a social character and as a character education organization will be able to play a role in applying the principles of sustainable development. In the context of national development especially economic development in Indonesia, the cooperative economic system is by following with the basic values in the state ideology of the Pancasila and the 1945 Constitution of the Republic of Indonesia (Article 33). The cooperative economic system is a system rooted in the culture of the Indonesian nation. Because the

cooperative system is a necessity, so Dekopin developed the Cooperative Vision of 2045: Cooperatives as a pillar of the nation for the welfare of the people and the preservation of the NKRI ecosystem. Based on this vision, cooperatives as a pillar of the country aim: (1) advancing public welfare; (2) carrying out missions and managing programs to preserve the country's ecosystem; (3) cooperatives can treat a single diversity; (4) cooperatives care for the earth, water, forests and other natural resources; (5) forming the character of the nation based on cooperative values that lead to strengthening democracy and the rule of law; (6) cooperatives can strengthen food security and energy security. [18]

To realize the objectives of cooperatives as a pillar of the country, cooperatives as business entities with legal entities can play a role in tourism development. Cooperatives as business entities can do business in the field of tourism in rural areas. By forming cooperatives, local communities can conduct joint business activities by utilizing the potential and natural resources in their area. The concept of community-based tourism (CBT) can be applied to develop the rural tourism industry. Local community members of cooperatives who are owners and customers of cooperative business entities, can develop tourism products in accordance with the cultural potential and existing natural resources in accordance with the principles of CBT. Thus economically it can improve and enhance economic life, socially can advance local communities while maintaining and developing local culture and wisdom, and ecologically able to preserve the ecosystem of the region in accordance with the concept of sustainable development.

#### IV. CONCLUSION

Cooperative is a legal entity business entity, an economic institution with a social character. Therefore, as a business entity in carrying out activities must obtain benefits. This is an effort to improve the welfare of members of the cooperative together. In developing the tourism industry in rural areas, cooperatives can play a role in increasing the economy of members and rural communities in general. Based on the concept of community-based tourism, it can socially develop local culture and wisdom and advance rural communities. Ecologically, as a business owner in the field of tourism can present tourism products to visitors without damaging the rural ecosystem. Thus cooperatives as business entities can develop together with rural communities in a sustainable manner.

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