

The Legal Role in Developing Indonesian Cooperative Business in National Economy Through Partnership in Facing Global Era for Improving Community Welfare

Hamdan Azhar Siregar*
 Jakarta Islamic University
 Hamdan_sir@yahoo.co.id

Abstract. Cooperatives must build and develop partnership cooperation to survive in free-market competition and economic globalization, both between cooperatives and other forms of business entities. In addition to maintaining its survival, cooperatives need to strengthen their existence and position in the national economic structure as the cornerstone of the Indonesian economy. Conceptually, a market that can run perfectly is the ideal way to achieve normative goals, namely, the people's prosperity. This phenomenon is worth studying given the legal role in building cooperatives and how cooperatives can offer the community's prosperity. This study uses normative juridical research by applying descriptive analysis. After the data were collected, they were analyzed using a qualitative juridical method. The law imposed in the developing country is centralized because it is closely related to its primary function, that is, to determine the direction of its people's future development. There are three economic actors in Indonesia: cooperatives, state-owned companies (BUMN/SEO), and private companies. In this case, the law must play a role in establishing the togetherness or partnership of the three economic actors. In other words, the regulation needs to show the economic actors' direction. It is where the law is expected to play a role in eliminating inequalities through partnerships.

Keywords: law, partnership, community welfare

INTRODUCTION

The role of law in the development of cooperatives in the current global era is expected to regulate and encourage cooperatives, as well as their managers so that cooperatives can advance and develop because the economic development of cooperatives and legal development are interconnected. The connection is where the law regulates the cooperatives' position as the cornerstone of the Indonesian economy as they play a significant role in economic development. With this development, cooperatives will be able to

compete in the global era. Indeed, developed cooperatives are the manifestation of a just social economy.

Article 33 of the 1945 Constitution has provided a clear line that the economy must be arranged based on the principle of kinship. This principle can only be implemented if all components of economic actors are aware of their responsibilities in economic development, not for the benefit of groups or individuals. For this to work, the government must be able to protect all economic actors, including cooperatives, BUMN, and private sectors. The three economic actors must work together to develop the Indonesian economy.

In line with the above point, the partnership as regulated in PP No. 17 of 2013, is a replication of the implementation of Pancasila mandate and the 1945 Constitution because the partnership reflects the principle of kinship and eliminates inequality, helps the weak and removes jealousy between the strong and the weak. Also, the concept suggests that all parties trust, need, strengthen, and benefit each other.

The legal role of partnership in economic development is to provide welfare for the community. To achieve this, the law must be integrated into the economic development because Indonesian economic law is related to planned development efforts. In this case, economic law regulates the course of development planning or economic planning to create the welfare of the community.

As described in the background, the research problems are formulated as follow:

1. What is the role of law in building cooperative partnerships?
2. What is the role of cooperative partnerships in dealing with global markets?

Theoretical and Conceptual Framework

General provisions Article I No. (4) PP No. 17 of 2013 states that "Partnership is cooperation in the business relationship, both directly and indirectly, based on the principle of mutual need, trust, strengthen and benefit involving Micro,

Small and Medium Enterprises with Big Business [1]”.

Also, in Government Regulation No. 17 of 2013, it is mentioned that “to further accelerate the realization of an independent and reliable national economy as a joint effort on the principle of kinship, more tangible efforts are needed to create a climate that can stimulate the establishment of a solid business partnership among all actors of economic life based on the principle of mutual need, mutual trust, mutual reinforcement, and mutual benefit [2]”.

Cooperation through partnerships is one of the ways to reflect the spirit of kinship in the national economic system. Looking more closely at the meaning of the family principle contained in Article 33 Paragraph (1) of the 1945 Constitution and Article 3 of the Cooperative Law No. 17 of 2012 [3], this law has been revoked by the Constitutional Court while returning to law no. 25 of 1992. The meaning of the principle of kinship is regulated in Article 2 of Law No. 25 of 1992, which also implies that cooperatives serve as a cornerstone of the Indonesian economy. Furthermore, Bung Hatta in Benhard Limbong said that a cooperative [4] is a business institution that is loaded with morals, togetherness and a sense of moving forward together and managing the activities together, as well as a tool of mutual prosperity.

METHOD

The research method used is analytical descriptive research. Soerjono Soekanto states that descriptive research is intended to provide detailed data about humans, conditions, and other symptoms [5].

To obtain data in accordance with the problems of the study, the research was carried out in two stages: library research and field research. The library research was conducted to obtain secondary data, both in the form of primary legal materials, secondary legal materials, and tertiary legal materials. On the other hand, the field research was carried out to obtain primary data that supported the secondary materials. After the data were collected, they were analyzed to provide answers to the research problems.

RESULT & DISCUSSION

The Role of Law in Building Cooperative Partnerships

Article I No. 4 PP No. 17 of 2013 mentions that partnership is cooperation in business relations, both directly and indirectly, based on the principle of need, trusting, strengthening, and mutually beneficial involving Micro, Small, and Medium Enterprises with Big Business.

Article 87 No. 2 of Law No. 17 of 2012 concerning cooperatives states that cooperatives can partner with other business actors in running their businesses.

Meanwhile, in Chapter III about Partnership in PP No. 17 of 2013 Article 10, it is stated that:

(1) Partnerships between Micro, Small and Medium Enterprises, and Large Enterprises are carried out concerning the principle of partnership by upholding sound business ethics.

(2) The principle of partnership referred to in paragraph (1) includes the Principles of mutual needs, mutual trust, strengthening each other, and win-win solution.

(3) In implementing partnerships, the parties have an equal legal position, and Indonesian laws apply to them [6]. Article 12 mentions the implementation of the partnership as referred to in Article 11 PP No. 17 of 2013:

a. Large businesses are prohibited from owning or controlling micro-businesses, small businesses, or medium-sized business partners; and

b. Medium Enterprises are prohibited from owning or controlling Micro Enterprises or Small Business partners.

Considering the provisions governing the partnership between cooperatives and other companies have legally provided an equal position, this is enough to encourage cooperatives and companies to develop business through partnerships. This partnership also aims to eliminate different or unjust treatment between the strong and the weak.

Observing the importance of the role of law in economic development, the law regulates and provides sanctions and encourages all economic sectors to participate in providing welfare for the community. In Indonesia, there are three economic actors, including cooperatives, state-owned enterprises (BUMN), and private companies. In running these, the law is needed as a basis for establishing harmonious cooperation or partnerships. The law must function in regulating the three economic actors in developing the Indonesian economy.

A partnership is a vehicle to improve the limited access of cooperatives so that more progress can be achieved. It is further explained that to overcome this limited access, it is necessary to create harmonization of partnerships between cooperatives and other parties. The target that must be achieved through the partnership is that cooperatives have access to sources of capital, technology, and information, as well as the marketing of the products of its members. It is also expected that cooperatives can further foster their human capabilities, management, and organizations.

By building a healthy partnership pattern, cooperatives as a movement and as a business

entity can strengthen their existence. This is needed in connection with the threat of the world economy in the era of globalization, as well as opportunities for cooperatives in the era of free trade. With the emergence of businesses that are cooperative and competitive, new forms of cooperation will be created. Therefore, cooperatives must face and respond to this to strengthen their existence [7] in the Indonesian economic system.

Cooperative partnerships in dealing with global markets

To improve the cooperative business, it is necessary to have a partnership or cooperation in dealing with global markets and in connecting the three economic actors. This partnership is expected to encourage cooperatives to compete in the current global era, as regulated in Law No. 20 of 2008 concerning Micro, Small and Medium Enterprises, and PP No. 17 of 2013 concerning Implementation of Law Number 20 of 2008 concerning Micro, Small, and Medium Enterprises.

The following is the concept of partnership, the position of BUMN and private cooperatives in the 1945 Constitution, and the partnership position of the three economic actors.

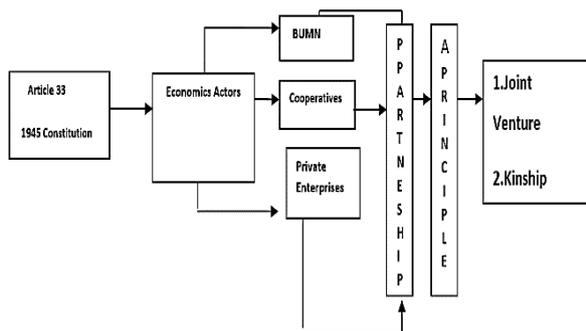


Figure 1. Concept of Partnership
Source: Aripin Sitio, Halomoan Tamba, modified based on research findings.

From the description of the above scheme, it can be seen that all national economic actors (SOEs/ BUMN, Cooperatives, Private Enterprises) must implement the basic principles stipulated in the 1945 Constitution, specifically Article 33, namely to collaborate in developing the national economy. It is through the partnership will the national economy be able to eliminate jealousy and injustice among economic agents. Togetherness and kinship must be able to foster nationalism in developing the economy. As outlined in the 1945 Constitution, the partnership can be done through the following steps:

- (1) Joint venture
- (2) Kinship. It means that these three economic actors must be united and help each other so that the Indonesian economy can compete in the era of globalization. Indeed, the relation between Private

Enterprises, cooperatives, and BUMN must be based on kinship.

Philosophically, the meaning of the principle of kinship in partnership, according to Hatta, is that the relationship among the cooperative members must reflect the relationship of brothers and sisters. Solidarity is nurtured and strengthened. Members are educated to be individuals who have individuality and are aware of their self-esteem [8]. Further, Hatta believed that the principle of kinship is suitable for the condition of our society.

The 1945 Constitution, Article 33 Paragraph (1), reads, "Reconciliation is arranged as a joint effort based on the principle of kinship," which means that the economy must be arranged deliberately [9].

Article 33 of the 1945 Constitution states that production is carried out by all, for all, under the leadership or ownership of community members. The prosperity of the people takes precedence. Therefore, the economy is structured as a joint effort based on the principle of kinship. Moreover, the institution compatible with this objective is a cooperative [10].

The formulation of the position of cooperatives, as well as the role and relationship among economic actors, can be described as follows:

1. BUMN, cooperatives, and private sectors should be placed in an equal position. It means that each economic actor, both normatively and operationally, has the same right to live in accordance with the mission it carries.

2. BUMN, cooperatives, and private sectors should carry out their respective roles with the comparative advantages they have. The advantage of cooperatives referred to here is that each economic actor has independence in one specific area compared to other economic actors.

However, cooperatives are not only limited to economic interests. There are three main aspects, namely, economics, morals, and business [11]. However, these three aspects are a source of strength to bind cooperation among members in cooperatives if observed further. As a business entity [12], cooperatives have the characteristics that the owner and the customer are equal. This principle is referred to by Munker as a principle of identity [13].

Through the national business partnership movement, all development actors together renew the determination to mobilize all potential and strength to accelerate the growth of a just nation. Through this movement, they are ready to face the challenges of open opportunities in trade-based trade and the era of globalization [14].

CONCLUSION

The legal role in building cooperative partnerships through a healthy partnership pattern

can strengthen the existence of the cooperatives. This is required in connection with the threat of the world economy in the era of globalization, as well as opportunities for cooperatives in the era of free trade. With the emergence of cooperative and competitive businesses, new forms of cooperation will be developed to face and respond to the demand to strengthen the existence of cooperatives in the Indonesian economy.

Through the national business partnership movement, all development actors work together to renew the determination to mobilize all potential and strength to accelerate the growth of a just nation. Through this movement, they will be ready to face the challenges of open opportunities in trade-based trade and the era of globalization.

REFERENCES

- [1] Law No. 20 of 2008 concerning Micro, Small and Medium Enterprises, Republic of Indonesia State Gazette of 2008 Number, 93, p. 5.
- [2] PP No. 17 of 2013, concerning the Implementation of Law No. 20 of 2008 concerning Micro, Small and Medium Enterprises, Article 1 No. 4. PP No. 17 of 2013 regulates the partnership also applies to cooperatives bearing in mind PP No. 44 of 1997 concerning partnership has been revoked.
- [3] UU No. 17 of 2012 has been canceled by The Constitutional Court. Wednesday, May 28, 2014. While returning to Law No. 25 of 1992, see Article 5 of Law No. 25 of 1992 concerning cooperatives.
- [4] Muhammad Hatta in Bernhard Limbong, *Ekonomi Kerakyatan dan Nasionalisme Ekonomi*, Jakarta : Margaretha Pustaka, 2011.
- [5] Soerjono Soekanto, *Pengantar Penelitian Hukum*, Jakarta UI-Perss. , p.10 1988.
- [6] Government Regulation (PP) No. 17 Tahun 2013 concerning the Implementation of Law No. 20 of 2008 concerning Micro, Small and Medium Enterprises, State Gazette of the Republic of Indonesia No. 40 of 2013.
- [7] PP No. 17 of 2013, concerning the Implementation of Law No. 20 of 2008 concerning Micro, Small and Medium Enterprises, Article 1 No. 4. PP No. 17 of 2013 regulates the partnership also applies to cooperatives bearing in mind PP No. 44 of 1997 concerning partnership has been revoked.
- [8] Tom Gunadi, *Sistim Perekonomian Menurut Pancasila dan UUD 1945*, Bandung : Angkasa, , p. 82. 1985.
- [9] Sri-Edi Swasono, *Sistim Ekonomi Demokrasi Ekonomi*, Jakarta : UI Press., p. 85. 1985.
- [10] Aripin Sitio, Halomoan Tamba, *Koperasi Teori dan Praktek*, Jakarta : Erlangga Publisher, p. 128, 2001.
- [11] O.R. Krishnaswami, *Fundamentals Of Cooperation*. S. Chand & Company Ltd, Ram Nagar, New Delhi-110055, 1978.
- [12] Hans-H Munker, *Cooperative ideas, Prinsiples and Practices* dalam Noer Soetrisno, *Rekontruksi Pemahaman, Koperasi merajut Kekuatan Ekonomi Rakyat*, Jakarta : INTRANS, p. 21, 2001.
- [13] Hans-H Munker, *Cooperative ideas, Prinsiples and Practices* dalam Noer Soetrisno, *Rekontruksi Pemahaman, Koperasi merajut Kekuatan Ekonomi Rakyat*, Jakarta : INTRANS, p. 21. , 2001.
- [14] www. Damandiri, or.id/file buku/Subiaktto Buku Koperasi bab IV pdf.