

Challenges in Partnership Between the Cooperative and Entrepreneurs

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ABSTRACT

Cooperative is a choice for legal entities in improving the business and welfare of members of an organization. It could be due to the purpose of the cooperative which give benefits to its member(s) and/or the community who use its services. Article 140 of Law No 11/2020 concerning the Job Creation regulates the partnerships among business entities. Meanwhile, the technique of the partnership is discussed in Article 10 paragraph 3 of PP No. 7/2021 which discusses on the Cooperatives and Micro, Small and Medium Enterprises (SMEs) related to Ease, Protection, and Empowerment concerning Ease, Protection, and Empowerment of Cooperatives, and Micro, Small, and Medium Enterprises. This research raises the question, what are the challenges in implementing a partnership between Puskopkar A Kodam I/BB and other business entities. It is important to ensure that Puskopkar is well informed about the current progress of legal entity types. This study analyses laws and regulations such as (1) Law Number 25/1992 concerning Cooperatives, (2) Law Number 11/2020 concerning Job Creation, (3) PP Number 7/2021 concerning Ease, Protection, and Empowerment of Cooperatives, Micro, SMEs. Furthermore, there was an FGD with the committee of Puskopkar A Kodam I/BB. The result of the research shows that the challenges of the partnership between Puskopkar A Kodam I/BB and other businesses are (a) there is a different interpretation of rights and obligations agreed as stated in the agreement, (b) lack of monitoring and evaluation based on the agreements. As a suggestion, Puskopkar A Kodam I/BB should review the agreements and conduct monitoring and evaluation regularly.

Keywords: *Challenges, Cooperatives, Entrepreneur, Partnerships.*

1. INTRODUCTION

The economy is one of the determining sectors in the development process of Indonesia as a country. One of the activities in this economy is trade or business. The efforts made by the company are not only in the private sector, but also in the military environment.¹

As a business entity, a cooperative is a company that can stand on its own in carrying out its business activities for profit, but cooperatives in Indonesia do not recognize the term profit because the purpose of these activities is not profit-oriented but benefit-oriented.²

Moh. Hatta stated that the improvement of the community's economy could be achieved based on the principle of mutual assistance. The will in helping and working together to achieve a collective goal.³

Furthermore, Arifinal Chaniago said that a cooperative is an association which include persons or entities in freedom based either to entry or exit as members, by working together in a family manner to carry out efforts to enhance the physical welfare of its members.⁴

¹ Maulana, F. I. (2013). *Legalitas Badan Usaha di Lingkungan Militer dalam Kegiatan Bisnis berdasarkan Undang-Undang Nomor 34 Tahun 2004 tentang Tentara Nasional Indonesia/oleh Fibula Iga Maulana* Doctoral Dissertation, Universitas Tarumanegara)

² Daniel Dawan, *Studi Lapangan Pada Koperasi Kartika Dharmagati Angkatan Darat Kota Jayapura,*

(Jurusan Manajemen, Fakultas Ekonomi & Bisnis, Universitas Cenderawasih) Volume 2, Nomor 1 Edisi Januari 2018 (Issn 2615 – 0425), hlm. 37

³ Drs. Hendrojogi, M.Sc., *Koperasi Asas-asas, Teori, dan Praktik*, Raja Grafindo Persada, Jakarta, 2007, hlm 190

⁴ *Ibid.*

In contrast to the previous opinion, Rudianto stated that a cooperative is a business entity. It organizes the utilization and utilization of the economic resources of its members. The activity based on cooperative principles and economy business principles to improve the standard of living of members in particular and the local community in general. So cooperative is the people's economy and the pillars of the national economy.⁵

In 1995, The International Cooperative Alliance defined a cooperative as an autonomous association of persons. The individuals join voluntarily to meet economic, social and cultural needs and aspirations through a democratically owned and controlled enterprise.⁶

In Indonesian, the terminology of cooperatives mean cooperatives that work based on cooperative principles, such as cooperation and based on kinship principle.⁷ However, the Dutch East Indies government at that time felt stifled by the rapid economic development. Then, various discriminatory rules regarding cooperatives were made. These rules are made in stages and have the following legal basis:⁸ 1) Cooperative Association Regulation no. 43/1915; 2) Regulation No. 91/1927 concerning Cooperative Associations for the Bumiputra group; 3) General Regulation of Cooperative Associations No. 21/1933, applied to groups that are subject to the Western legal order.

With this regulation, the Dutch divided the cooperatives movement into two parts, the Bumiputera and those who wanted to comply with Western law. However, this rule does not necessarily extinguish the existing cooperatives movement. The reason is, the emergence of the independence movement organization started from Budi Utomo. It was established by dr. Sutomo in 1908 contributed to the cooperative movement's efforts to improve the people's economy. In addition, the presence of the Islamic Trade Union (SDI) in 1927 contributed to the struggle for the economic position of indigenous entrepreneurs.⁹

The importance of the existence of cooperatives in society is to encourage the wheels of the community's economy to improve the quality of people's living

⁵ *Ibid.*

⁶ Jajang W Mahri, *"Pelayanan dan Manfaat Koperasi dan pengaruhnya terhadap partisipasi anggota (Studi Kasus pada koperasi produsen tahu tempe Kabupaten Tasik Malaya)"* Ekonomi Koperasi, (Bandung: Universitas Pendidikan Indonesia, 2011).1.

⁷ Juliana Lumbantobing, dkk. 2002. *Ekonomi Koperasi*. Medan: Universitas HKBP Nomensen Fakultas Ekonomi, hlm. 5

standards towards a better direction. Cooperatives in the military environment, especially Puskopkar A Kodam I/BB have an important role in encouraging the economy and welfare of its members, namely TNI AD soldiers. Puskopkar A Kodam I/BB is an Army cooperative based in Central Helvetia Village, Medan Helvetia District

2. METHOD

This study uses an empirical legal research method. It was conducted by examining library materials as a support for primary legal sources or materials in the form of statutory regulations and court decisions. This legal research uses both statutory and conceptual approaches in applying to the research question.

3. RESULTS AND DISCUSSIONS

3.1 Rules of Cooperative Legal Entities

Indonesia has amended the Law concerning Cooperative for some times. In the beginning, there was Law Number 12/1967 which mentioned about the Principles of Cooperatives. Later, it has been replaced by Law Number 25/1992 which mentioned about Cooperatives. It means, in Indonesia, the applicable law on cooperative is Law Number 25/1992.¹⁰

Twenty years later, Indonesia legalized Law Number 17/2012. This Law revoke the enactment of Law Number 25/1992 concerning Cooperatives. There was a polemic on Law Number 17/2012 which sent to a judicial review to the Constitutional Court. As result, the Constitutional Court decided on the decision Number 28/PUU-XI/2013 that Law Number 17/2012 was unconstitutional. As consequence, it re-enacted Law Number 25/1992 which mentioned about Cooperatives as long as a new Law on Cooperatives has not been issued.¹¹

In 2020, Indonesia legalized the Omnibus Law. Law Number 25/1992 which focus on Cooperatives has been regulated on Law Number 11/2020 Concerning Job Creation. Furthermore, there is PP Number 7/2021 concerning Ease, Protection, and Empowerment of Cooperatives, Micro, SMEs as Implementing Regulations.¹²

The legal basis used by the TNI AD Cooperative is
(1) Law Number 34/2004 concerning Indonesian

⁸ *Ibid.*

⁹ *Ibid.*

¹⁰ Ningrum Natasya Sirait, dkk, 2021, *Pengetahuan "Ringkas" Tentang Badan Hukum Di Indonesia (Koperasi, Yayasan & Perseroan Terbatas) Beserta Aturan Hukumnya*, Medan: USU Press, hlm. 9.

¹¹ *Ibid*

¹² *Ibid.*

National Army, (2) Presidential Regulation Number 43/2009 which mentioned about the Takeover of TNI Business Activities. Furthermore, there is Regulation of Indonesia Ministerial Defence Number 22/2009 which mentioned about the Implementation of the Takeover of TNI Business Activities, Regulation of the Commander of the Indonesian National Armed Forces Number Perpang/93/XII/2009 dated December 31, 2009, concerning Structuring Cooperatives, Foundations and Utilization of State Property within the TNI and Law of the Republic of Indonesia Number 25/1992 which mentioned about Cooperatives.¹³

Due to the definition of Cooperatives which stated in Article 1 number 1 of Law Number 25/1992. As business entities which involved individuals or cooperative legal entities, cooperative operate their activities based on cooperative principles as well as a people's economic movement.

Article 3 of Law Number 25/1992 states the goals of establishing a cooperative. It will achieve the promotion of the welfare of members in particular and society in general. Moreover, cooperative would be established to participate in building the national economic which must be order to create an advanced, just and prosperous society based on Pancasila and the 1945 Constitution.

In order to promote the welfare of its members, the activities of a cooperative must be a business which provided the interests to its members. It should improve not only its own business but ensure the welfare of members as instructed by Article 86 Number 5 of Law no. 11/2020 concerning Job Creation.¹⁴

Cooperatives can be in the form of Primary Cooperatives or Secondary Cooperatives. Primary Cooperatives are formed by at least 9 (nine) people. While the Secondary Cooperative is formed by at least 3 (three) Cooperatives.¹⁵

Puskopkar A Kodam I/BB is a Secondary Cooperative which has several Primary Cooperatives. It is important for Puskopkar to ensure its legal entity types because Puskopkar owned different types of legal entities for various purposes while on the other hand, they have

restriction to act because of their nature as military person.

3.2 Challenges in Implementing Partnerships Between Puskopkar A Kodam I/BB and business entities

Press Release Number: B-191/KUKM/SM.3.1/HM.00/VI/202, KemenkopUKM Supports Reforming Inkop Kartika TNI AD. The Ministry of Cooperatives and SMEs appreciates the improvements being carried out by the *Induk Koperasi* (Inkop) Kartika TNI AD.¹⁶

This improvement is considered to encourage the management of Inkop Kartika TNI AD to be more professional to improve the welfare of its members. The presence of Inkop Kartika TNI AD on July 25, 1946, was aimed at the welfare of its members who are soldiers of TNI AD.¹⁷

Inkop TNI AD is the parent of all cooperatives within the TNI AD. The role of TNI AD cooperatives, especially Puskopkar "A" Kodam I / Bukit Barisan is still needed to meet the welfare of soldiers. This role should be supported by professionalism and intelligence in managing cooperative activities and can take advantage of every business opportunity that is balanced with moral intelligence.¹⁸

The importance of understanding good cooperative management can minimize obstacles in its implementation. Over time, challenges will be present in the cooperatives business. Each cooperative will have its form of challenge.

In implementing the business partnership, Puskopkar A Kodam I/BB experienced several challenges. These challenges include:¹⁹

- a) Partners have not made reports from 2008 to 2020.
- b) Based on RAT (Annual Member Meeting), cooperation with partners does not generate profits. This collaboration has been implemented since 2008. Since 2008, the SHU (Remaining Operating Results) provided has not been as expected by Puskopkar A Kodam I/BB.
- c) Management of assets that have HGU includes: 1) Ramunia garden land in Deli Serdang Regency; 2) Percut Sei Tuan PKS Plantation, Deliserdang

¹³ Octorial Marpaung, *Publikasi Ilmiah : Tanggung Jawab Pengurus Pusat Koperasi Terhadap Anggota Dan Pihak Ketiga Dalam Menjalankan Kegiatan Usaha*, dilihat pada <https://media.neliti.com/media/publications/209678-tanggung-jawab-pengurus-pusat-koperasi-t.pdf> diakses pada 20 September 2021

¹⁴ Article 86 Number 5 Law no. 11 of 2020 Concerning Job Creation

¹⁵ Article 3 Government Regulation No. 7 of 2021 concerning Ease, Protection, and Empowerment of Cooperatives, Micro, Small, and Medium Enterprises,

¹⁶ <https://kemenkopukm.go.id/read/kemenkopukm-dukung-pembenahan-inkop-kartika-tni-ad> (accessed on June 28, 2021)

¹⁷ *Ibid.*

¹⁸ Opening Speech by Commander I/BB Mayjen Irwansyah at the Appointment Meeting for the General Chairperson of the Puskop Kartika A Kodam I/BB, viewed at <http://kodam1bukitbarisan.mil.id/pangdam-ibb-pimpin-appointment-chair-meeting-general-puskop-kartikaa-bukit-barisan/> accessed on 20 September 2021

¹⁹ Based on the results of the Focused Discussion of the Puskopkar A Kodam I/BB Management on July 26, 2021 at the Puskopkar A Kodam I/BB Secretariat.

- Regency; 3) Sei Balai Gardens, Batubara Regency; 4) Bandar Baru Land, Deliserdang Regency.
- d) Implementation of monitoring and evaluation of partnership agreements that have not been maximally implemented.

To full fill these problems, Puskopkar A Kodam I/BB needs to be careful in entering into partnership agreements to avoid derogation of each other's rights caused by different interpretations of rights and obligations in the partnership agreement.

4. CONCLUSION

The Cooperative Law has been amended several times. After the issuance of the Constitutional Court Decision No. 28/PUU-XI/2013, then Law no. 17 of 2012 concerning Cooperatives was declared unconstitutional and re-enacted Law no. 25 of 1992 concerning Cooperatives. Law no. 11 of 2020 concerning Job Creation amended several provisions in Law no. 25 of 1992 concerning Cooperatives and Government Regulation No. 7 of 2021 as the Implementing Regulation.

The partnership challenges faced by Puskopkar A Kodam I/BB with other business entities are differences in the interpretation of rights and obligations agreed in the cooperation agreement and the implementation of monitoring and evaluation of cooperation agreements with partners.

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