



# Legal Framework Amidst Straightening Institutional in Border Area Toward Multi-Party Cooperation

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**Abstract.** Border regions often face challenges such as uneven development, economic influence of neighboring countries, suboptimal resource management, and complex social dynamics. This situation is exacerbated by inadequate infrastructure, low community participation in the formal economy, and security issues due to weak border surveillance. Multi-Party Cooperatives (MPCs) offer a potential solution to these problems by integrating resources and actors from different sectors to capitalize on the rich natural resources of the border and strategic location. This paper seeks cooperation that might stimulate economic growth, strengthen social resilience, and improve community welfare by supporting inclusive and sustainable development by engaging the government and private sector. The method used in this study is descriptive qualitative with the type of case study and used in qualitative research with data obtained from the field. The finding shows that MPCs in border areas reveal their capacity to harness the underutilized potential of these regions. They address infrastructural deficiencies, bridge socio-economic gaps, and provide a framework for sustainable economic development. However, their effectiveness is contingent upon resolving challenges such as limited access to finance, low member participation, and insufficient government support. Ensuring MPCs' success requires bolstering security measures, fostering community engagement, and implementing enabling government policies. If supported correctly, MPCs represent a collaborative, inclusive economic model that could unlock the border regions' growth and integrate them more closely with national and cross-border economic activities.

**Keywords:** Multi-Party Cooperation, Border, Law, Straightening.

## 1 Introduction

The issue of border areas is a complex problem because it involves matters related to multiple disciplines, namely law, politics, economics, society, and the environment [1]. One of the main challenges border areas face is the issue of sovereignty and territorial integrity. Another challenge faced by border regions is economic development. Border regions are often characterized by lower levels of economic development, with limited infrastructure and fewer economic opportunities [2]. This situation can lead to poverty, unemployment, social inequality, and social and political instability. Border regions often face unique social and cultural challenges, including identity, language, and

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M. K. bin Abdullah et al. (eds.), *Proceedings of the International Seminar on Border Region (INTSOB 2023)*,

Advances in Social Science, Education and Humanities Research 823,

[https://doi.org/10.2991/978-2-38476-208-8\\_20](https://doi.org/10.2991/978-2-38476-208-8_20)

religion issues [3]. Political conflicts and tensions can exacerbate these challenges and contribute to social and political divisions. Overall, the issue of borderlands is a complex and multi-faceted problem that requires a comprehensive approach to address [4]. Solutions can combine political, economic, social, and environmental interventions to promote the region's peace, stability, and sustainable development.

Border regions often grapple with a unique set of challenges, and one issue that stands out among them is economic development [5]. These regions, which are often located on the borders of countries or states, face different financial hurdles due to their proximity to the border. Border regions often face economic disparities between neighboring countries or regions, hindering development [6]. These disparities can occur because one side of the border may have better economic conditions, leading to trade, investment, and employment opportunities imbalances. As a result, border regions may struggle to attract businesses, investment, and skilled labor, making it more difficult for them to stimulate economic growth.

The presence of borders can create complexities related to trade and regulation. Cross-border trade often requires navigating through different customs, tariffs, and regulatory frameworks, which can create barriers for businesses operating in these areas [7]. Border regions can experience increased security concerns, leading to increased infrastructure costs and border control measures. These factors can collectively hinder economic development in border regions, making it imperative for policymakers and stakeholders to address these challenges to promote sustainable growth and prosperity.

There are many ways to solve border problems, including establishing cooperatives. Cooperatives can be essential in promoting economic development and addressing the unique challenges in border areas [8]. Cooperatives often act as engines of local economic growth by helping communities in border areas to organize collective efforts in sectors such as agriculture, fishing, handicrafts, and more. Cooperatives enable communities to pool their resources, increase production, and access larger markets, increasing their income and overall well-being.

In addition, cooperatives also contribute to increasing the self-reliance of border communities. Cooperatives provide training, guidance, and support in managing businesses, securing financing, and marketing products [9]. This assistance empowers border communities to reduce dependence on external entities and become more economically independent. In addition, cooperatives can play an important role in improving access to essential services such as financial services, healthcare, education, and infrastructure in border areas, often in collaboration with the government and other organizations [10]. In addition, cooperatives also serve as a platform for border communities to collectively address common challenges, including issues unique to their socio-economic context, such as isolation, socio-economic inequality, and the potential for cross-border conflict [11]. In short, cooperatives can contribute significantly to the progress of border regions by promoting economic development, community empowerment, and cooperation in addressing various challenges.

When considering cooperatives as a solution in border regions, some key challenges include limited resources, especially capital and infrastructure, and differences in members' education and skill levels. Border regions often have low-income levels, so establishing an effective cooperative can require initial investments that are difficult to

access [12]. Lack of infrastructure, limited capital, and differences in cooperative members' education and skill levels can create inequalities that need to be addressed through training and mentoring and hamper cooperative operations.

A multi-party cooperative is a type of cooperative that has members from various sectors, such as the private sector, government, and the community [13]. These cooperative members come together to achieve common goals, such as obtaining economic, social, and cultural benefits. Multi-party cooperatives can be found in various sectors, such as agricultural, industrial, service, and others. These cooperatives can act as financial service providers for their members, help improve members' quality of life through social programs, and help the local economy through joint business development.

Some countries that have developed multi-party cooperatives in border areas, such as India, are found in border areas such as Jammu and Kashmir, Assam, and Manipur [14]. These cooperatives aim to assist economic and social development in the area, such as through joint business development, provision of financial services, and social programs. While in Thailand, Multi-Party Cooperatives are found in border areas such as Pattani, Narathiwat, and Yala [15]. These cooperatives have an essential role in assisting economic and social development in the region, such as through joint business development, provision of financial services, and social programs. Multi-party cooperatives in Myanmar are found in border areas such as Shan, Kachin, and Rakhine. These cooperatives aim to assist economic and social development in the region, such as through joint business development, financial services, and social programs.

The institutional framework as above allows Multi-Party cooperatives to consolidate various resources or modalities from different parties in achieving the cooperative's objectives [16]. For example, producers have resources in the form of commodities or production capabilities, workers have resources in the form of their labor, consumers have purchasing/consumption capabilities, and investors have resources in the form of financial capital. They work together and under one organizational umbrella to achieve a common goal. The motivations of producers, consumers, workers, and investors are different [17]. They also have different needs from each group's perspective. Still, they have the same interests, namely how the cooperative business/service is organized sustainably and how they can obtain a fair and reasonable value of benefits.

Multi-party Cooperative has several names in different countries, such as Multi-stakeholder Cooperative or hybrid in the US and UK. Social Cooperative in Italy, Solidarity Cooperative in Canada, and *Sociétés Coopératives d'Intérêt Collectif* in France [18]. Each country has non-uniform arrangements according to different regulatory and socio-economic contexts. However, in general, the multi-stakeholder cooperative model has similarities with each other in these various countries [19]. Multi-party cooperatives developed to respond to the challenges of the times, technological developments, and different socio-economic landscapes where conventional cooperatives (whose membership base is homogeneous) are no longer considered capable of answering them. Demographic and technological developments are the factors that made the practice of multi-party cooperatives grow in various countries [20]. Conventional cooperatives oriented towards members as users have

limitations when communities outside the cooperative can contribute differently. Members are not only of the typically cooperative users owners-employees type but also investor-members and promoting members, contributing capital and knowledge without the intention to use the cooperative's services [21].

Based on the above characteristics, multi-party cooperatives have a significant role in helping the local economy and improving the quality of life of people in border areas [22]. Multi-party cooperatives can support the economic development of border areas through joint business development. Access border communities that are often isolated and less accessible to formal banking services. Multi-stakeholder cooperatives can also help improve access to a broader market for their products, thereby helping to improve members' income and quality of life.

MPCs have advantages such as having a broader member base and focusing on joint business development for various sectors, such as farmers, fishermen, and workers [23]. Although multi-party cooperatives have several advantages and benefits that can help institutional strengthening in border areas, since the introduction of multi-party cooperatives through the Ministerial Regulation 2022, multi-party cooperatives have not been popular in Indonesia. For border areas, other cooperatives, such as village unit cooperatives (KUD), have been the mainstay of institutional strengthening in border areas. For example, the Jambi Tani Savings and Loan Cooperative was established in Jambi, Indonesia, focusing on joint business development for farmers and fishermen in border areas [24]. The cooperative has financing programs, joint business development, and social programs for its members. So, it can be said that MPCs have not been popular and are considered impossible to implement in border areas. Multi-party cooperatives can be a solution with their ability to collaborate with various parties involved in creating value in a supply chain/value of a business. The methodological choice of a descriptive qualitative case study is appropriate for the in-depth exploration of specific instances within their real-life context. Case studies allow for a comprehensive examination of an issue or a phenomenon, focusing on the 'how' and 'why' questions central to qualitative research. By gathering data directly from the field, researchers can capture the complexity of the subject matter and gain insights into the dynamics of the environment under study. This method is beneficial for uncovering the intricate workings of multi-stakeholder cooperatives in border areas, providing a rich, detailed understanding of their operational challenges, community impact, and the role of governmental policies in their functionality [25].

## **2 Literature Review**

The birth of the concept of the nation-state shows its complexity, which shows that state borders not only divide different ethnicities but also the same ethnicity due to the different national histories experienced by citizens of the same ethnicity [26]. Therefore, the scope of borders includes traditional rights, international rights and obligations at the border, national and international legal relations, demographic issues, natural features, border areas, and artificial border positions.

According to LIPI, border areas are regencies directly adjacent to neighboring countries' borders, namely, land, sea, coast, and island [27]. Nowadays, it is increasingly felt that the development of a particular region cannot be separated from the influence of the surrounding areas, starting from neighboring areas to more distant areas and even influences from other parts of the earth. Border areas, in general, have enormous prospects in developing the socio-economic potential of the people because, through border areas, there will be interaction between communities in conducting reciprocal relationships to meet their economic needs, as well as cooperation in the social context.

Communities in border areas have different and distinctive characteristics when compared to people who do not come from and live in border areas [6]. Coupled with the ease of accessing information through mass media, direct interaction with residents in neighboring countries, and the lack of management of border areas, it has created gaps in border areas. Pamungkas [28] confirmed this assumption through the results of his research, which showed a gap between socioeconomic views and attachment to political entities. The problem of isolation and underdevelopment in border areas is a significant challenge often exacerbated by government neglect [29]. Border regions receive less government attention and investment than more centralized or urban areas, leading to a lack of basic infrastructure, limited access to essential services, and fewer economic opportunities [30]. This results in a lack of basic infrastructure, limited access to critical services, and fewer economic opportunities. Government neglect and lack of investment in border regions can contribute significantly to the financial gap between these regions and the rest of Indonesia. Economic disparities in border regions are often caused by a lack of infrastructure development, limited access to education and healthcare, and few employment opportunities. Compared to more centralized areas, where government investment is more significant, border regions can lag in economic growth and development. Addressing these issues requires concerted efforts from governments to allocate resources, implement development initiatives, and improve governance in border regions to promote equitable development and reduce the isolation and underdevelopment they face.

Border is not only a spatial geographical concept but also a social concept when discussing the people who inhabit cross-border areas. A border is often defined as an imaginary line on the earth's surface that separates one country's territory from another. To the extent that a border is expressly recognized by treaty or generally recognized without an explicit statement, it is part of a state's right to its territory. The boundaries of border areas can be classified into two approaches. The first is a physical approach, meaning that the boundaries can be in the form of natural boundaries and artificial boundaries. The second is a geometric method, where the boundaries divide the border area into linear and nonlinear ones.

Cooperatives are a distinctive form of business organization driven by a commitment to meeting the economic needs of its members. A cooperative is a group of people who unite to manage and own a business entity that collectively provides various services or products. One of the critical principles of cooperatives is member ownership, where each member has a say in the decision-making process and shares in the benefits of the cooperative's operations. This emphasis on member ownership and user-based services is essential as it fosters a sense of community and mutual support.

While cooperatives may engage in transactions for profit, their primary objective is not to maximize those profits but rather to efficiently meet the needs of their members. The focus of cooperatives is to provide essential goods or services at the lowest possible cost, not to generate surplus profits. Any surplus or income the cooperative generates is usually reinvested into the business or redistributed to members based on their participation, purchase, or use of cooperative services. This model aligns with the principle of minimizing the financial burden of members while ensuring their economic needs are met, thus making cooperatives an effective tool to foster economic development and social welfare in various communities [31].

Achieving the transformation of a cooperative into a successful business entity necessitates careful consideration of five critical aspects: the commitment and motives of cooperative members, selecting viable business activities, securing adequate capitalization, establishing a well-organized governance structure, and implementing a fair system for distributing business dividends. These elements collectively underpin the cooperative's ability to operate profitably, serve its members' economic needs, and uphold its cooperative principles, ultimately leading to its sustainability and success as a business entity [32]. Institutions contain two crucial aspects, namely, "institutional aspects" and "organizational aspects." Institutional characteristics include social behavior or behavior where the core of the study is about values, norms, customs, mores, folkways, usage, beliefs, ideas, doctrines, desires, needs, orientations, and others. Forms of social change in the institutional aspect are cultural, and the change process takes a long time. Meanwhile, the organizational aspect includes social structure or structure, with the core of the study lying in the element of role. Furthermore, structural characteristics include positions, activities, relationships between functions, social integration, general structures, comparison of textual systems with factual structures, authority or power structures, connections between actions and goals to be achieved, and aspects of solidarity, cliques, profiles, and power patterns. Forms of social change in organizational characteristics are structural and take place relatively quickly.

### **3 Discussion**

#### **3.1 Strengthening Development in Border Areas**

Strengthening development in border areas through cooperatives can be a transformative approach with multiple benefits [33]. First and foremost, cooperatives empower local communities in border areas by fostering self-reliance and economic independence. Community members can overcome common challenges by pooling resources and working collectively, such as limited access to markets and resources. Cooperatives provide a platform for individuals to come together, share knowledge, and collectively invest in businesses that can thrive in the context of their border region. The platform promotes economic growth and increases communities' resilience, reducing their vulnerability to external economic shocks. In addition, cooperatives play an important role in promoting social cohesion and stability in border regions. Cooperatives often serve as community engagement centers, allowing individuals from diverse backgrounds to

collaborate and address common issues. By working together through cooperatives, citizens can develop a stronger sense of identity and belonging, contributing to a more significant commitment to their country.

Some of the essential elements in institutions are the foundation for building the social behavior of the community, norms of behavior that have taken root in people's lives and have been accepted to achieve specific goals, rules with rule enforcement, laws in society that provide a forum for coordination and cooperation with the support of rights and obligations and behavior of members, codes of conduct, contracts, markets, property rights, organizations, incentives. Local institutions and their areas of activity are divided into three categories, namely the public sector category (local administration and local government), the voluntary sector category (membership organizations and cooperatives), and private organizations (service organizations and private businesses). In line with the statement of Nugroho [34]. The purpose of social institutions is to meet basic human needs. It can be categorized based on the types of basic needs. Then, classify it into Economic institutions: fulfilling livelihoods, producing, hoarding, and distributing property, for example, agriculture, animal husbandry, industry, cooperatives, trade, splice, etc. Educational institutions fulfill the needs of illumination and human education to become valuable members of society. Examples: primary/secondary/higher education, press, etc. Based on some of the theories above, it can be seen that the definition of cooperative institutions is a pattern of relationships between community members that bind each other, contained in a network or organization determined by limiting and binding factors in the form of norms, codes of ethics, formal and non-formal rules to work together to achieve the desired goals.

Improving the welfare of the people in the border areas is in line with what [35] stated that increasing the community's vitality can be a strategic policy as a direction for the government in sustainable development. Improving welfare (including infrastructure development, transportation, and energy) in the community must be considered to encourage people to improve their quality of life [36]. It is important to empower border communities by strengthening their economic conditions, food sufficiency, and efforts to increase the competitiveness of local production. Improving the economy for people in border areas aims to avoid a life that causes people to depend on neighboring countries. Natural resources and human resources are common factors inherent in people's lives from generation to generation and often contain elements that support the achievement of development goals.

Infrastructure Development and Improvement in Border Areas Border areas are generally far from the center of government. Socio-political and economic disparities often arise due to differences in treatment by the central government. Indonesia's long and wide border lines need to be well taken care of to maintain nationalism and the integrity and sovereignty of the country. These problems can be a driving factor in the erosion of nationalist values. Moreover, Indonesia is known as an archipelago and is spread from Sabang to Merauke. It has areas that border directly with other countries, both land and sea borders; of course, government intervention is needed to pay attention and manage it properly [37]. Local government intervention is required to develop border areas with a harmonious approach to prosperity, security, and environment. The intervention of the government in the management of the country's territory as a whole is

one of the factors that strengthen the nationalism of the community. Referring to border community nationalism, border community nationalism is related to the spirit of border people to maintain and develop the border area itself and also to develop their personality as people who live in the border area between two countries with different cultures, different approaches, different development, and others.

Cooperatives are business entities consisting of individuals or cooperative legal entities that base their activities on cooperative principles and a people's economic movement based on family principles. They can play a role in the process of equalizing and increasing people's income, encouraging economic growth, and playing a role in realizing national stability in general and financial stability in particular.

The challenges of cooperatives in the future are getting more prominent due to very complex and dynamic environmental changes. The environmental problems faced by the cooperative movement are the phenomenon of a global economy that is very demanding of competitiveness and the issue of the economic crisis that is hitting the Indonesian economy. Therefore, to face a future that is very complex and dynamic, an appropriate development strategy is needed. Involve all elements and eliminate social discrimination, sensitive to the progress of the times in facing these global challenges.

Fulfilling public services in border communities is essential to improving the quality of life in these areas and promoting well-being among its residents. Access to critical services such as health, education, clean water, and infrastructure improves the well-being of individuals and families and contributes to overall community development. These services can lead to improved health outcomes, better educational opportunities, and increased economic activity, all critical to a thriving and prosperous frontier society.

When governments prioritize providing public services in border areas, it goes beyond meeting basic needs; it becomes a powerful tool for nation-building and fostering patriotism. By actively investing in health, education, infrastructure, and other essential services in these often neglected areas, governments demonstrate their commitment to the well-being and development of border communities. This fosters a sense of belonging and loyalty among residents towards their country, as residents feel valued and integrated into the broader national fabric. This sense of inclusion and support strengthens residents' identification with the country, increasing their loyalty and attachment, which is crucial for national unity and social cohesion. Moreover, when border communities see tangible benefits from their government, they are more likely to engage in civic life actively, contributing to a more vibrant and participatory society ultimately benefiting the community and nation. This is particularly important in border areas, where communities may feel marginalized or disconnected from the central government. By demonstrating a commitment to meeting the needs of these communities, governments can strengthen the bond between the state and border residents. Institutions at the border must be characterized as collectively owned businesses driven by collective action between the village government and the community. Secondly, the business must be more inclusive than cooperatives, private companies, or community group businesses working in the village sphere. Conventional cooperatives are indeed inclusive of their members at the village and broader levels, but cooperatives remain exclusive because they are only for members.



Several studies have shown that the role of institutions in economic development in villages is significant. The institutions have essential roles, including (1) strengthening the local economy, (2) increasing village income, and (3) increasing the income of the community. In addition, Gunawan also added the role of border institutions, including (1) suppressing the rate of urbanization, (2) encouraging the development of the village community's economy, (3) as a source of original village income, (4) lenders with low-interest rates. The role of border institutions is not only capable of increasing the village's original income and developing the potential of the village economy, research conducted by Dewi and Meirinawati, but it must be able to create jobs and also be able to alleviate poverty.

### **3.2 Straightening Border Towards Multi-Party Cooperative**

The Riau Islands is a region in Indonesia that is highly vulnerable to foreign economic activity due to its proximity to Singapore and Malaysia. Local communities are accustomed to cross-border trade and economic activity with these neighboring countries, with some Riau Islands traders conducting direct transactions with counterparts from both nations. Revitalization of the people-based economic movement is urgently needed to reduce dependence on foreign countries in economic activities in Indonesia's border areas. Dekopin believes it is inappropriate to rely on foreign powers to foster the financial activities of Indonesians in border areas and is optimistic that self-reliance can be promoted to eliminate such dependency [38].

The situation reflects a broader strategic initiative to empower local economies, emphasizing self-reliance and reducing dependence on external factors. This factor is a sentiment echoed in many regions worldwide where neighboring countries' economic policies and demands heavily influence border economies. This call indicates a push to improve local economic structures by strengthening cooperatives to create a more self-reliant and robust economic climate for the region's residents.

Strengthening border region cooperatives is a strategic step in building a more independent and robust local economic structure. The border aligns with efforts to reduce the region's economic dependence on economies such as Singapore and Malaysia by promoting the production and consumption of local goods and services. Cooperatives, as membership-based financial entities, provide a platform to mobilize resources, share risks, and increase the bargaining power of local traders and producers in the market.

With a focus on skill development and local production, cooperatives assist in creating added value for regional products, which can strengthen the border region's economic position domestically and internationally. Through training, skills development, and innovation, cooperatives can facilitate the transformation of the informal sector into a more formalized and structured one, benefiting not only their members but also the regional economy as a whole. Strengthening cooperatives also creates opportunities for greater economic diversification and sustainable development of local industries.

On the other hand, cooperatives are essential in reaching out and providing better financial services, education, and business support to communities. This includes improving access to markets and resources and distributing economic benefits more fairly.

By putting the interests of members and communities first, cooperatives in border regions can improve economic welfare and strengthen the region's social and economic resilience in the face of global economic changes.

The current types of cooperatives may not be sufficient to fully address the challenges of improving economic welfare and social resilience in certain regions such as the Riau Islands. This situation happened because existing cooperatives may not be able to fully adapt to changing needs due to the dynamics of the global economy. For example, cooperatives often focus on specific business activities such as agriculture or fisheries, which may not include or integrate new technological innovations and business models needed to compete in the global market.

Cooperatives can be a significant economic leverage, especially in border areas like the Riau Islands. The increasing trend of entrepreneurial activity among border communities reflects the desire and need to create independent and sustainable economic opportunities. Through cooperatives, local entrepreneurs can pool resources, share risks, and create economies of scale, which are difficult for individual businesses to achieve.

The growth of entrepreneurship in border regions points to untapped potential and the need for more vital support structures in which cooperatives can play a role. Cooperatives can offer a platform for entrepreneurs to collaborate on innovation, access markets, and build efficient supply chains. In doing so, cooperatives not only strengthen existing enterprises but also trigger the formation of new ones responsive to market changes and global economic opportunities.

To address this, diversification and modernization in the cooperative model is needed. New cooperatives with more innovative models that integrate modern business practices with the latest technology can support the transition to the digital economy and expand their market reach. In addition, cooperatives engaged in different sectors of the economy should be able to provide a broader range of services, including business education, access to capital, and marketing support for their members.

The cooperative should be designed to expand its capital base, perhaps through attracting outside investment or strategic partnerships with other entities, and improve management professionalism. The new cooperative should also offer training and human resource development to enhance the capacity of its members and attract outside expertise to improve efficiency and productivity. By doing so, the cooperative can move from a model that is only membership-oriented to a more dynamic institution capable of operating on commercial standards while still maintaining populist principles. According to Michaud and Auderband [39], members in solidarity cooperatives do not play a dual role as owners and users but as a link between the cooperative and the community while realizing and implementing the cooperative's mission. In other words, community members can enter the cooperative structure openly as supporting members and participate in decision-making. The participation also triggers the emergence of voluntary-based work from the heterogeneity of participating stakeholders.

The cooperation formed from these various parties enables the distribution of social value as a horizontal value chain implemented through networks. Distributed control and ownership in a multi-stakeholder ownership structure also reduces the potential for asymmetric information while managing complexity more effectively. In addition,

Lund [40] argues that the multi-stakeholder cooperative model emphasizes a transformational paradigm, which focuses on modifying market failures still conventionally controlled by governments and investors to improve product quality through a multi-stakeholder cooperation model. The work engagement of civil society members in multi-stakeholder cooperatives forms entrepreneurship for social and community development as well as an alternative in the provision of goods and services and securing local jobs with the participation of various stakeholders in two ways: finance to service and consumer to the worker [41].

Cooperatives looking to scale up must adapt their membership structure and operational model to include a variety of parties that have the potential to assist in business growth and development. This multi-stakeholder model invites actors outside the traditional cooperative environment, such as investors who can provide additional capital, inventors or creators who bring innovation, entrepreneurs or experts with technical expertise and business experience, and influencers or celebrities who can expand market reach and enhance brand image.

Identifying and engaging these groups as leveraging factors allows cooperatives to access resources they did not have before, such as new funding, innovative ideas, better management skills, and broader marketing. It also helps cooperatives to capitalize on new business opportunities that arise from rapidly changing trends and market dynamics. For example, cooperatives collaborating with technology or digital start-ups can adopt new business models more resilient in today's digital economy.

The initiative taken by the band Slank in establishing the 'Slankops Jurus Tandur' Multi-Party Consumer Cooperative is a clear example of how the power of influencers and fan communities can be used to strengthen and diversify the cooperative economy [42]. With its strong brand, influence, and large and loyal fan base, Slank provides a strong foundation for this experiment. Slank has a captive market with millions of fans, opening up many business opportunities. Cooperatives like Slankops show how a brand can capitalize on the engagement and loyalty of its fans to build a sustainable business model. By providing various services that are directly related to the interests and needs of their fans, such as barbershops, laundry, motorcycle washing, and coffee shops, they not only improve economic welfare through the creation of business opportunities and jobs but also strengthen the fan community by giving them more roles in the ecosystem built by their idols (Kompas.com, 20 July 2022).

'Cooperatives can adopt the Slankops Jurus Tandur Multi-Party Consumer Cooperative model in border areas by identifying and incorporating various local strengths, such as cultural uniqueness, natural potential, or special skills possessed by communities in the region. By doing this, border cooperatives can create significant added value, increasing purchasing power and economic independence and encouraging innovation and entrepreneurship in border areas that often have untapped potential. Border areas have substantial economic and social development potential, primarily because of their unique position as meeting points between countries and cultures. Interactions at the border are not only limited to exchanging goods and services but also to exchanging ideas, traditions, and social practices. This creates ample opportunities for mutually beneficial economic cooperation and the building of strong social ties between the people interacting in the region.

In an economic context, border regions can capitalize on their access to foreign markets to encourage trade and investment. In addition, these regions often have unexploited natural resources that can be developed through cooperatives and local initiatives, giving local communities greater control over their economies [43]. Cooperatives based in border regions can help organize these resources and build value chains that increase the income and welfare of their members. From a social perspective, borderlands are often places where resilient communities develop, adaptive to change, and able to navigate cultural differences effectively. The existence of cooperatives can strengthen these social networks by providing a platform for collaboration and support in dealing with social and economic issues [44]. Therefore, promoting the establishment of cooperatives in border regions can not only be economically beneficial but also help strengthen social coherence and enhance the capacity of communities to address the challenges that arise from their unique position.

Multi-stakeholder cooperatives in border areas are one solution that can address these regions' unique challenges [45]. Through this model, cooperatives can bring together various stakeholders, including individuals, local communities, investors, and government agencies, to identify and develop existing economic potential. The multi-stakeholder concept allows the cooperative to tap into a broader range of resources and create synergies between members with different interests and expertise [46]. First, to address socioeconomic isolation and underdevelopment, multi-stakeholder cooperatives can focus on developing infrastructure and services to improve local communities' quality of life and economy. This includes building access to technology, facilitating trade and business, and providing education and training for skill development. Second, cooperatives can collaborate with the government and the private sector in cases where infrastructure is lacking to build or improve needed facilities. They can be essential in funding and managing infrastructure projects, such as constructing roads, bridges, or telecommunications facilities, urgently needed for connectivity and market access. Third, cooperatives can build partnerships with security agencies to improve border surveillance to increase the presence and capacity of surveillance posts. This could include using advanced surveillance technologies or training local citizens as part of community policing efforts.

By adopting an inclusive and collaborative multi-stakeholder cooperative model, cooperatives in border areas can help address existing socioeconomic challenges and contribute to more dynamic and inclusive economic development, benefiting all parties involved. Practical multi-stakeholder cooperation can catalyze economic growth, especially in border regions with unique challenges and opportunities [47]. Through this approach, resources from various parties can be consolidated to achieve a common goal. Giving clear roles to each stakeholder ensures that each party can contribute maximally according to their expertise and resources. In the agricultural sector, for example, the multi-stakeholder cooperative model allows for vertical and horizontal integration of various aspects of the agricultural business. Farmers can focus on production, while processors and collectors can handle processing and distribution. Entrepreneurs and innovators can contribute new ideas for efficiency and product diversification, while investors can provide the capital needed for such initiatives. Consumers, who are at the

cutting edge of the value chain, can also be involved in determining the type of products the market needs, providing critical feedback for product innovation and improvement.

The advantage of this multi-stakeholder model is its ability to accommodate and utilize different types of modalities-financial capital, human resources, knowledge, and networks- in a coordinated manner [48]. This model can reduce redundancies, strengthen supply chains, and ensure that the value-added generated is efficiently channeled back into the cooperative and its community. Multi-stakeholder cooperatives also help overcome the barriers commonly faced by small and medium-sized enterprises by providing access to broader markets, more advanced technology, and more significant capital. If implemented correctly, this approach can accelerate the growth of various business sectors, including agriculture and other industries relevant to local circumstances and needs in border areas. As such, multi-stakeholder cooperatives can be a model that brings significant economic transformation impact in regions that need it.

Multi-stakeholder cooperatives have great potential to trigger economic transformation, especially in border regions often faced with limited access to capital, inadequate infrastructure, and the need for economic diversification. This model offers a more inclusive and collaborative system, enabling broader resource utilization and more robust inter-sectoral integration to drive economic growth [45]. When multi-stakeholder cooperatives are implemented in border regions, they can take advantage of the region's strategic position on the border with other countries, allowing for more dynamic economic and social exchanges. With cooperation between various parties, such as local governments, the private sector, and local communities, synergies can be created that strengthen local production capacity and enlarge the market reach for goods and services produced. This model also allows for more excellent added value to local products through innovation and quality improvement, thereby increasing competitiveness in national and international markets. Thus, multi-party cooperatives not only improve the economic welfare of their members but also strengthen economic and social resilience in border areas, ultimately contributing to national stability and prosperity.

A successful Multi-Party Cooperative (MPC) relies on its ability to offer a strong value proposition, ensuring that each member of the value chain derives clear benefits from its involvement. Transparency in operations and profit distribution is critical to maintaining the trust and sustainability of the cooperative [49]. The MPC allows members to see how their value is added and how profits are shared, increasing their commitment and participation. Economic incentives should be designed to encourage and sustain member participation. For example, incentives may include better access to markets, technology, or capital. On the other hand, disincentives may be needed to discourage practices detrimental to the cooperative, such as sales outside the cooperative system that could weaken collective bargaining power. Providing the right incentives and disincentives can encourage members to collaborate and invest in the cooperative, with the understanding that collective success will result in more significant gains for each individual than they could achieve separately. Collaboration in an MPC enables the creation of a bigger economic pie through operational efficiencies, innovations, and increased markets accessible to cooperative members. Thus, cooperatives can attract and retain members by sharing risks and rewards, contributing to their economic growth

and resilience in this competitive and changing environment. Emphasizing transparency and fairness in the distribution of profits ensures that all parties feel valued and an essential part of mutual success.

The obstacles faced by multi-stakeholder cooperatives in border areas are often quite complex. Lack of access to financing is a significant problem, as banks as financial intermediaries for MPCs and other financial institutions may see investments in border areas as high risk. Members' Low participation levels can be due to various factors, including a lack of awareness of the benefits of cooperatives, a lack of trust in the institution, or failure to see direct results from their involvement [50]. Lack of government support and protection can hinder the growth of cooperatives, primarily if existing policies do not support cooperative development or if there are excessive bureaucratic barriers and concerted efforts between the community and the government. Communities must be empowered through education and training to improve their understanding of the value and potential of cooperatives. This can be done through awareness campaigns, workshops, and learning programs targeting cooperative members and the general public. From the government side, there should be initiatives to simplify regulations and procedures relating to the formation and operation of cooperatives and provide access to funding through various credit schemes or subsidies. The government can also offer fiscal and non-fiscal incentives to attract investment to border areas and strengthen existing cooperatives. Furthermore, the government can play a role in facilitating partnerships between multi-stakeholder cooperatives, the private sector, and international institutions, which can open up access to broader markets, technology, and best business practices. With the active participation of all stakeholders, multi-stakeholder cooperatives can become effective drivers of economic and social development in border areas.

Multi-party cooperatives (MPCs) can be essential in addressing the socio-economic disparities in border areas, such as between Indonesia and Malaysia. This gap often results from differences in economic development and infrastructure between the two sides of the border. This can lead to social jealousy and discontent, undermining cross-border relations and social stability. Using the MPC model, resources and expertise from different parties can be consolidated to develop the border region more equitably. These cooperatives can help local communities capitalize on their economic potential, such as natural resources, strategic geographical position for trade, and local labor. Through joint efforts, MPCs can reduce inequality by creating economic opportunities, improving infrastructure, and providing better services, ultimately improving living standards in border areas. The involvement of local communities in MPCs also allows them to have a more significant say in their region's economic and social development. This could include decisions on infrastructure investments, local enterprise development, and marketing strategies targeting local and international markets. As such, communities are not only beneficiaries but also active participants in directing the growth and progress of their region. The government can support this initiative by providing incentives for investment in border areas and ensuring that transparent and fair policies are in place to help MPCs. Thus, multi-party cooperatives can effectively reduce socio-economic disparities and strengthen communities in border areas, creating more harmonious and prosperous conditions for residents on both sides.

The existence of Multi-Party Cooperatives (MPCs) in Indonesia, especially in border areas, does have a strong justification based on strategic and adaptive reasons. Border regions often experience rapid and significant changes that require adaptive approaches for sustainable economic and social development. MPCs offer a flexible and inclusive structure that can accommodate the unique needs and potential of dynamic border regions. The notion of cooperative institutions, where cooperation and mutually beneficial relationships between members are essential, is bound by norms, codes of conduct, and formal and informal rules. In the border context, cooperatives should operate with local values in mind while complying with applicable regulations and implementing best practices that ensure fairness and transparency for all members. Limiting and binding factors in cooperatives, such as norms and codes of conduct, are essential in building trust and ensuring members' adherence to common goals. This helps create and maintain a strong culture of cooperation, which is necessary to ensure that the cooperative can operate effectively and overcome challenges. These norms and rules also enable the cooperative to function as a coherent body, coordinating economic activities and providing mechanisms for conflict resolution and equitable profit sharing. As such, MPCs serve not only as economic entities but also as social institutions that strengthen the social and economic foundations of the border region. This strategically positions the cooperative as an entity capable of addressing complex border issues and supporting broader socioeconomic integration between Indonesia and neighboring countries.

## 4 Conclusion

Multi-stakeholder cooperatives in border regions is a model that offers a comprehensive and adaptive solution to address the unique economic and social challenges in border regions. Multi-stakeholder cooperatives can mobilize resources, attract investment, and integrate economic activities across different sectors, vital for the region's sustainable growth. MPCs enable the benefits of diversity and expertise of members from different backgrounds and facilitate the development of member- and community-oriented businesses. MPCs at the border can help reduce economic dependence on imports and increase local resilience by developing infrastructure, improving market access, and strengthening domestic production and trade capacity. The model also helps balance economic development between border regions and the center of the country and bordering countries by creating jobs and improving living standards.

However, to reach its full potential, the operation of MPC still faces several obstacles, hence the need for support from the government in the form of policies that facilitate access to finance, infrastructure improvements, and incentives for investment in border areas. Active engagement and participation of members are necessary to ensure that the cooperative's operations are transparent and profitable for all parties. The success of this model relies heavily on synergistic cooperation between cooperative members, the government, and the private sector to create an environment conducive to inclusive and sustainable economic and social growth in the border region.

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