

Revitalizing The Role of Pangeran Jaya Cooperative In Strengthening The Economy of The Community of Ogan Komering Ilir District

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Abstrak : Pengabdian kepada masyarakat ini bertujuan untuk meningkatkan pemahaman pengurus, anggota dan masyarakat tentang pentingnya peran Koperasi Pangeran Jaya dalam memperkuat ekonomi dengan memilih dan menjalankan usaha sesuai dengan keinginan dan kebutuhan anggota dan masyarakat di Kabupaten Ogan Komering Ilir. Kegiatan pengabdian dilaksanakan di Koperasi Pangeran Jaya Desa Talang Pangeran Kecamatan Teluk Gelam Kabupaten Ogan Komering Ilir. Lokasi penelitian dipilih secara sengaja (*purposive*). Metode yang digunakan dalam pengabdian melalui penyuluhan dan diskusi interaktif dengan seluruh peserta sehingga terjadi peningkatan pemahaman terkait peran penting Koperasi Pangeran Jaya baik sebagai mitra usaha maupun mitra dalam pemenuhan kebutuhan keluarga. Terdapat beberapa temuan selama kegiatan pengabdian diantaranya sejak didirikan pada tahun 2015 sampai dengan tahun 2022, Koperasi Pangeran Jaya tidak menjalankan peran dan fungsi usaha koperasinya (kategori E/non aktif), kurangnya pengetahuan dan pemahaman pengurus dan anggota, usaha yang dijalankan koperasi belum sesuai dengan kebutuhan anggota dan kurangnya akuntabilitas dan transparansi pengurus yang ditunjukkan belum pernah diselenggarakannya rapat anggota tahunan (RAT), menjadi penyebab tidak berjalannya koperasi. Dalam upaya revitalisasi, diperlukan penataan kapasitas baik kelembagaan koperasi maupun sumberdaya manusia, peningkatan kapasitas pelayanan dan pengembangan kerjasama kemitraan dengan lembaga/badan usaha lainnya.

Kata Kunci : Penguatan ekonomi; Revitalisasi; Peran koperasi

Abstract : This community service aimed to increase the understanding of the management, members and the community about the importance of the role of Pangeran Jaya Cooperative in strengthening the economy by choosing and running a business in accordance with the wants and needs of the members and the community of Ogan Komering Ilir District. The service activities were carried out at Pangeran Jaya Cooperative, Talang Pangeran Village, Teluk Gelam Subdistrict, Ogan Komering Ilir District. The location of the study was selected purposively. The method used counseling and interactive discussions with all participants to increase their understanding on the important role of Pangeran Jaya Cooperative both as business partners and partners in meeting family needs. The study found out that during its establishment from 2015 to 2022, Pangeran Jaya Cooperative did not carry out the role and function of its cooperative business (category E/inactive), lack of knowledge and understanding of the management and

members. The business run by the cooperative was not in accordance with the needs of members and the lack of accountability and transparency of the management showed that it never held an annual member meeting (*RAT*) resulting in the non-running of the cooperative. In an effort to revitalize the Cooperative, capacity building is needed for both cooperative institutions and human resources to increase the service capacity and develop partnership cooperation with other institutions/business entities.

Keywords : Economic strengthening; Revitalization; The role of cooperatives

SITUATION ANALYSIS

The Government of Ogan Komering Ilir District through the Office of Cooperatives, SMEs and Industry launched a program of one village one cooperative in 2015. One of the objectives of the program is to foster the economy of rural communities in Ogan Komering Ilir District based on the kinship and mutual cooperation through cooperative business entities. The result of the program until 2021 showed that there were 464 cooperative units, 395 of which were still declared active (BPS OIC Regency, 2021). This means that there were still many cooperatives that have not run as they should have. Pangeran Jaya Cooperative located in Talang Pangeran Village, Teluk Gelam Subdistrict, is one of the cooperatives established from the results of the one village one cooperative program and generally consists of communities in Talang Pangeran Village. The existence of the cooperative is expected to be able to strengthen the economy of rubber farmers so that their income increases. In addition to the increase of farmers' incomes, the needs of rubber farmers and the communities around the cooperative can be met.

The existing phenomena and facts showed that the presence of such cooperatives did not fully achieve the intended goals. The fulfillment of the needs of business facilities and household needs were not fully carried out by the cooperative resulting in that the condition of the cooperative ran in place. The members and communities around the cooperative still fulfilled the needs of business facilities and households from outside the cooperative and what is more, a few cooperative members were stuck in debt and credit matters with illegal financial institutions. Looking at the situation and conditions, it is interesting to study what problems exist in the cooperative causing the low level of member participation to impact the cooperative to develop.

By conducting one of the *tri dharmas* of higher education, namely the community service, the authors intended to conduct counseling to the management and members of Pangeran Jaya Cooperative of Talang Pangeran Village. The counseling was carried out with

the theme of "Revitalizing the Role of The Prince Jaya Cooperative in Strengthening the Economy of the Community of Ogan Komering Ilir District". The scope of the counseling covered re-orientation and strategies for selecting business types in accordance with the wants and needs of members as well as strengthening the cooperative institution. The counseling was expected that the management and members of the cooperative understood the functions and roles carried out by the cooperative in strengthening the economy of members and the community around the cooperative so that the presence of the cooperative was very much needed. The cooperative was also expected to be able to function as a community business institution in meeting the needs of business facilities and member households.

SOLUTION AND TARGET

The solution offered in revitalizing the role of the Pangeran Jaya Cooperative is through counseling and interactive discussions to provide an understanding of the role that cooperatives can play in strengthening the member's economy. With the running of the role of cooperatives, it is hoped that there will be benefits for members so that there is an increase in member participation in business activities run by cooperatives.

The community service activities were held at Pangeran Jaya Cooperative, Talang Pangeran Village of Teluk Gelam Subdistrict, Ogan Komering Ilir District on 22nd August, 2022. The location of this study was selected purposively based on the consideration that Pangeran Jaya Cooperative had a large resource potential, both natural resources in the form of agriculture and human resources as the actors in the cooperative activities. The target of this program were all of cooperative's member and public who stayed in Talang Pamgeran Village.

IMPLEMENTATION METHOD

The community service activities were held at Pangeran Jaya Cooperative, Talang Pangeran Village of Teluk Gelam Subdistrict, Ogan Komering Ilir District. The location of this study was selected purposively based on the consideration that Pangeran Jaya Cooperative had a large resource potential, both natural resources in the form of agriculture and human resources as the actors in the cooperative activities.

The method used counselings and discussions (question and answer) with the participants. This service was conducted by collaborating with the Office of Cooperatives and UMKM of Ogan Komering Ilir District with the presence of the extension officers from the

Office. The material presented in this counseling was related to the important aspects of carrying out the role of cooperatives as partners in strengthening the economy of members and communities in Ogan Komering Ilir District. The community service were attended by 41 participants consisting of all administrators and members of Pangeran Jaya Cooperative and the community who were interested in the cooperative activities

RESULT AND OUTCOME

Pangeran Jaya Cooperative was one of the cooperatives established as a result of a policy program launched by the Regent of Ogan Komering Ilir District in 2015 having the theme of "one village one cooperative". As a result of the policy, all villages/kelurahan in Ogan Komering Ilir District established a primary cooperative business entity consisting of and managed by the villagers. Based on data of the Office of Cooperatives, SMEs and Industry, until 2021 the number of cooperatives in Ogan Komering Ilir District was 464 cooperative units. Of the 464 cooperative units, 45% or 209 cooperative units were declared active, and the rest were inactive. One of the measures in determining being active and inactive was seen from the compliance in carrying out annual member meetings (*RAT*) and sending the reports to the Office of Cooperatives, SMEs and Industry.



Figure 1. Briefing from the Head of Talang Pangeran Village

Koperasi Pangeran Jaya (KPJ) of Talang Pangeran Village was one of the cooperatives belonging to an inactive category. Since its establishment in 2015, up to 2022, it has never held an annual member meeting (*RAT*). Even though it had been running for several months but and what its activities and management were not clear so that the Office of Cooperatives, SMEs and Industry stated that Pangeran Jaya Cooperative (KPJ) was in the E category and inactive.



Figure 2. Briefing from the Office of Cooperatives, SMEs and Industry

Some of the findings in the study related to efforts to revitalize the role of the cooperative were: 1) Low Knowledge of Administrators and Members about Cooperatives, 2) The Inactive Role of the Cooperative Management and Supervisory Board, 3) The Business Carried Out Did Not Meet the Wants and Needs of the Members. 4) The Accountability and Transparency of the Cooperative Management.

Low Knowledge of Administrators and Members about Cooperatives. At the time of the establishment of the cooperative, the level of knowledge and understanding of the management and members of Pangeran Jaya Cooperative was still relatively low. The "one village one cooperative" government program that had to be run by the village community tended to "force" the community of Talang Pangeran Village to form and establish cooperatives regardless of the lack of knowledge and understanding of the community about the cooperatives. Meanwhile, the government's budget allocation for counseling and coaching the cooperatives in Ogan Komering Ilir District was very limited causing a few number of cooperatives to receive the counseling and coaching. Pangeran Jaya Cooperative was one of the cooperatives that since its establishment it has not received special counseling and guidance. In addition, the inactivity of the management to run the cooperative giving rise to the Cooperative to be inactive for almost 7 (seven) years.

Having no regular counseling and guidance and low knowledge of members of Pangeran Jaya Cooperative about cooperatives brought about the management and members to be unable to carry out the functions and roles of the cooperative. As a result, the role of the Cooperative did not work and provide tangible benefits in meeting the needs of members and communities in Talang Pangeran Village. Furthermore, there was no significant influence of the presence of the cooperative on the economic activities of the members and communities in the village. The knowledge and understanding of the cooperative were very important for the administrators and members. This issue was discovered from the discussions with the

participants attending this service activity who generally asked and proposed to prioritize more on increasing understanding of cooperatives through sustainable counseling and coaching.

The Inactive Role of the Cooperative Management and Supervisory Board. As stated by the extension officer of the Office of Cooperatives, SMEs and Industry of Ogan Komering Ilir District, from its establishment in 2015 to 2022, Pangeran Jaya Cooperative never submitted a report on the annual member meeting (RAT) to the Office so that the Office considered that the Pangeran Jaya Cooperative was inactive. The facts and information derived from the members and public showed that Pangeran Jaya Cooperative carried out its activities for several months but then stopped and was not active until now (2022). One of the reasons was because the functions and roles of the management and supervisory bodies did not run. Even some members of the board and supervisory body no longer domiciled there and did not take charge of the activities of Prince Cooperative Jaya.

The Business Carried Out Did Not Meet the Wants and Needs of the Members. At the beginning of its establishment, Prince Jaya Cooperative once ran its cooperative business. Among its businesses carried out were selling production facilities for rubber farmers, collecting and marketing rubber sap tapping results to rubber processing factories. This business type was suitable for the conditions of the members and community of Talang Pangeran Village who most of them were rubber farmers.

However, the wants and needs of the cooperative members were not only fulfilling business facilities and marketing business products (rubber sap), but also there were some other wants and needs which could not be accommodated by the cooperative, 15 of which were the provision of goods to meet the household needs of the members such as the provision of basic necessities and daily household needs. Besides that, the unstable income condition of the members even tended to fluctuate; the members needed business capital loans but could not be accommodated by the cooperative. As a result, many members borrowed capital from the middlemen and sold the proceeds to them. This condition gradually reduced the trust and level of member participation in the existence of the cooperative and resulting in that Pangeran Jaya Cooperative did not develop and led to an inactive condition.

The Accountability and Transparency of the Cooperative Management. In cooperative business entities, there is an annual member meeting which is held once a year. One of the purposes of the meeting is to submit a report on the accountability of the board and supervisory bodies for the running of the cooperative. Through the meeting, all members will

find out how the management of the cooperative is run by the management. In addition, the meeting is part of the implementation of the cooperative principle of transparency where all members have the right to know the ins and outs of all cooperative management because the cooperatives also hold the principles of, by and for the members.



Figure 3. Presentations of the speakers

The findings of the discussion forum showed that Pangeran Jaya Cooperative never held an annual member meeting (*RAT*). This indicated that the members suspected that there was no accountability and transparency of the management and supervisory bodies for the management of the cooperative from its establishment in 2015 to 2022. The lack of accountability and transparency of management added to the decrease of the level of trust of cooperative members and brought on the low level of member participation.



Figure 4. The atmosphere of the discussion with the participants

Some solutions were offered from the results of the discussion forum in accordance with the theme proposed in the service community, namely "Revitalization of the Role of Prince Jaya Cooperative in Strengthening the Economy of the Community of Ogan Komering Ilir District". The solutions offered to the attended members were responded very positively and they hoped that Pangeran Jaya Cooperative would be active again and carry out its cooperative activities and have a positive influence on the economic activities of the members and community of Ogan Komering Ilir District. Some of the offered solutions are as follows:

1) Cooperative Institutional Capacity Structuring, 2) Institutional Capacity Building of Cooperative Resources, 3) Service Capacity Building, 4) Expansion of Cooperative Cooperation or Partnership Network with Other Business Entities.

Cooperative Institutional Capacity Structuring. The structuring of the cooperative institutional capacity includes improving institutional management, that is institutional structures, leadership patterns which are top down to be bottom up, and the application of communication and information technology in creating transparency in institutional management. Koperasi Pangeran Jaya (KPJ) is one of the cooperatives resulting from the "one village one cooperative" program policy, meaning it has a top down nuance and tends to be coercive to pursue the realization of the program. So it is suspected of deviating from the principles in building a cooperative of which a member can enter and leave the cooperative voluntarily without any coercion from anyone. In addition, in the formation of the management structure, it was suspected that 17 (seventeen) Pangeran Jaya Cooperatives were first formed randomly regardless the level of knowledge and understanding of the members and administrators. Given this problem, in this service and in accordance with the agreement of the attended members, it was agreed for the composition of the board and the supervisory body of the previous period to be considered demisioner; henceforth the new composition of the board and supervisory body were selected and agreed upon. The result of the deliberations had a quorum and in order to promote Pangeran Jaya Cooperative, a new management structure of Pangeran Jaya Cooperative was finally formed for the next 3 (three) years of service. Furthermore, to obtain the legality from the Office of Cooperatives, SMEs and Industry, the newly formed management would prepare the meeting minutes and report them to the relevant agencies.

Institutional Capacity Building of Cooperative Resources. In Pangeran Jaya Cooperative, the human resources are actors in institutions or organizations that still have a limited capacity and based on the elite members not individual capabilities. Therefore, the improvement of human resource capabilities have to be carried out. The efforts can be conducted through continuous counseling and training and are always updated in organizational governance by utilizing technology that continues to develop and is adaptive to the conditions of the times. Examples of improving the institutional capacity of cooperative resources include training on management and information technology supported by higher education institutions and the government with mentoring and coaching. In this regard, the University of South Sumatra collaborating with the local government agencies delightedly

carried out guidance and assistance in terms of the governance of Pangeran Jaya Cooperative. The manifestation of this commitment was stated in an agreement between the University of South Sumatra and the management of Pangeran Jaya Cooperative after all aspects of the legality of the cooperative institution were fulfilled. This is important in order that the coaching cooperation was established institutionally (business to business) and provided mutual benefits for both parties.

Service Capacity Building. The service capacity building is closely related to the service innovation. This service innovation is a variety of businesses to be organized by Pangeran Jaya Cooperative in an effort to serve and meet the needs of the members and community at Talang Pangeran Village in particular and Ogan Komering Ilir District in general. At the beginning of its establishment, Pangeran Jaya Cooperative focused on production like the provision of fertilizers and the purchase of sap from rubber farmers with the result that it was necessary to improve the service capacity of the institution by providing new innovations related to the services such as the ease of obtaining credit for farmers or obtaining production facilities at a lower price when compared to purchasing outside the cooperative. The many diverse needs of the members and community are a potential and business opportunity for Pangeran Jaya Cooperative in determining its business without violating the prevailing laws and regulations. Referring to the Memorandum of Association/Articles of Association (*AD/ART Koperasi*), there are three types of businesses that can be run and developed by Pangeran Jaya Cooperative, namely all-business, savings and loans business and service business. These three types of businesses are more than enough to meet the needs of the members and community of Talang Pangeran Village.

Expansion of Cooperative Cooperation or Partnership Network with Other Business Entities. The expansion of the network of cooperation or partnership is carried out through the development of cooperation with institutions (financial and non-financial institutions). The cooperation with the financial institutions, for example, is carried out related to the provision of working capital for members to be able to access the capital from the financial institutions, such as banks, while cooperation with the non-financial institutions is carried out through university research and development institutions or the government regarding the businesses run by the cooperative members. The institutional partnerships on behalf of the cooperatives will be much easier than if each member searches and partners with other business institutions individually. In addition to the ease of communication and coordination, the partnership cooperation between institutions builds more trust and accountability. There have been many

examples of partnerships carried out by cooperatives with their partner institutions and even in the practice of distributing assistance from the government, the cooperatives are one of the choices of partners in distributing assistance or distributing loans to their members such as revolving fund distribution and farm business loans.

CONCLUSION

Based on the interaction of partners and the service team during the counseling and assistance process, the following are the conclusion: 1) Since its establishment from 2015 to 2022, Pangeran Jaya Cooperative has not carried out its cooperative business roles and functions; 2) The knowledge and understanding of members and the public about cooperatives is still low so that the awareness and interest in becoming a member of the cooperative still remains low resulting in a low level of member participation; 3) The business run by the cooperative has not met the needs and wants of the members and tends to be in accordance with the wishes of the management; and 4) There are no accountability and transparency in cooperative governance shown by the absence of an annual member meeting (RAT) and there is no report to the Office of Cooperatives, SMEs and Industry of Ogan Komering Ilir District so that the status of Pangeran Jaya Cooperative is categorized as E (inactive). The real contribution of the service activity is the arrangement of new management bodies, both the governing body and the supervisory body, the re-registration of cooperative members by approving the basic and mandatory fees to be paid, fulfilling the legality of the cooperative and starting agreed business operations. Then, as a form of responsibility to ensure that the real contribution goes well, the university will carry out monitoring, evaluation and coaching on a regular basis.

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