

RESEARCH ARTICLE

TRUSTING MEMBER ON COOPERATIVE MANAGEMENT PATTERN AND RELATIONSHIP TO IMPACT NEGATIVE EFFECT OF QUASI COOPERATIVE IN INDONESIA

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ABSTRACT: Cryptocurrency Quasi cooperative refers to a condition when the cooperative is not a cooperative. The legal cooperative is bound to the basic principles of cooperatives and the prevailing laws and regulations. Thus it is quite easy to find and recognize a quasi cooperative. If a cooperative does not implement the basic principles of cooperatives and not in accordance with applicable legislation, then the cooperative can be categorized as a quasi cooperative.

The inability of the cooperative as a self-help organization is partly due to the non involvement of members in the decision making process and the preparation of cooperative programs. Member participation is only taken into account when attending Annual Members Meeting (RAT), paying cooperative deposits, and making transactions with cooperatives. The implementation of cooperative activities and businesses is more dominated by the management and managers who seem to know what is best for the cooperative.

Currently there are many cooperative management patterns applied in almost all companies including some state owned enterprises that have applied the concept of profit sharing and employee participation, namely moving the participation of workers/employees in corporate decision making, especially related to the principle of profit and risk sharing.

The purpose of this study is to reduce the negative impact of quasi cooperatives that greatly make big losses for the community as members of the cooperative who trust the pattern of management.

This study uses Literature study methods collected from previous studies on the pattern of cooperative management and the influence of trust members of the cooperative on the development of cooperatives in Indonesia. The results of this study indicate that many quasi cooperatives that flourish in Indonesia develops and this is due to the level of trust members of the cooperative against the quasi cooperative.

It is hoped that this research will be one of the sources of comparison for all components of cooperative managers who have been given trust by members, in order not to run things that mengaruhi cooperatives managed to be a quasi cooperative, because of course this will be bad for the development of cooperatives in Indonesia.

Keywords : Quasi cooperative, trust, cooperative management pattern

JEL Classifications: E2, L4, O3

I. INTRODUCTION

Trust is the belief that someone will find what they want in an exchange partner. Trust involves a person's willingness to behave in a certain way because of the belief that his partner will give what he hopes and a hope that is generally owned by someone that the words, promises or statements of others can be trusted (Barnes, 2003) [1].

This condition also occurs in the financial industry in the country as Indonesia's economic conditions improve. This can be seen from the increasing number of people who choose to save their money in financial institutions, be it state banks, private banks, foreign banks, Islamic banks, rural banks, even in Savings and Loans Cooperatives (KSP). Many people put their funds into fertile savings and loan cooperatives. Of course it will have a positive impact on financial institutions and cooperatives in Indonesia, in the sense that the business entity can develop as expected.

Efforts to maintain the trust of cooperative members is a necessity so that a cooperative can be sustained through the establishment of mutually beneficial relationships that lead to the loyalty of cooperative members. The loyalty of cooperative members is considered as the future tendency of members to continue to use cooperative products or services (Ranaweera and Prabhu, 2003) [2]. Or the perception of members to remain will last how long at the cooperative (Liu and Wu, 2007) [3]. The element of trust of members in a cooperative that is able to create high member loyalty, at least consists of 3 (three) elements, namely the element of integrity, elements of credibility and elements of competence owned by the cooperative concerned (Liu and Wu, 2007) [3].

First, the element of integrity. Integrity means that cooperatives have quality in strong moral principles. Integrity shows that there is a match between what is said and done, there is consistency between thoughts and actions. Besides that integrity also shows sincerity. So a cooperative is said to have "integrity" if its actions are in accordance with the values, beliefs and principles it holds. Characteristics of a cooperative with integrity are characterized by only cooperative words and actions. For an integrity cooperative reflected by employees who uphold the values, beliefs and principles in serving its members.

The second relates to the element of credibility. Credibility means honest and trustworthy words. For a cooperative, credibility is reflected in the honesty of employees in serving

each of their customers. In addition, credibility is reflected in the attitude of cooperative employees who can be trusted by its members.

The third relates to the element of competence. The element of competence of a cooperative contains aspects of employee knowledge / skills, skills (expertise) of employees and abilities or personality characteristics that affect the performance of a cooperative.

II. THEORETICAL ASSESSMENT

Cooperatives are organizations engaged in the people's economy with members or cooperative legal entities which constitute an economic arrangement as a joint venture based on the principle of kinship (Article 3 of Law No. 12 of 1967) [4]. In another sense stated in Article 1 No. RI Law No. 25 of 1992 concerning cooperatives, the definition of a cooperative is a business entity whose members are members of a cooperative or legal entity that bases its activities on the basis of cooperative principles as well as a people's economic movement based on the principle of kinship [5].

Cooperatives are business entities whose members have principles based on the people's economy. In another statement explained that, cooperatives are an association of people who on the basis of equality as human beings, regardless of religious and political direction voluntarily enter, to simply meet the mutual needs of materiality on mutual responsibility.

Cooperatives are a collection of people who have a purpose in meeting economic needs through business entities run by members as owners and users of cooperative services. As business owners members of the cooperative must try to provide the needs needed by their members. Even though to make transactions with their cooperative, they still use money, but by being a shared user the need to spend money can be emphasized as low as possible (minimized). Because basically the cooperative benefits from the results of the purchase or sale that is carried out efficiently, not the calculation of profit and loss used by the cooperative against its members, but the remaining results of the operation of the efficiency (Burhanuddin, 2013) [6].

Based on the function of cooperatives, there are also types of cooperative businesses including savings and credit cooperatives; multi-purpose cooperative; consumption cooperatives; and production cooperation. Cooperatives engaged in savings and loan business usually provide services in the form of members' money deposits which are then managed by cooperatives and

provide services in the form of loans to members which are usually used for business or the needs of cooperative members.

Performance or in English is called the term performance is the level of success of a person during a certain period in carrying out tasks that are compared with various possibilities, such as work standards, target targets or criteria that have been determined and agreed upon (Rivai, Vethzal and Basri, 2005) [7].

III. RESEARCH METHOD

This research uses the Literature study method collected from previous studies on cooperative management patterns and the influence of cooperative members' trust in the development of cooperatives in Indonesia. The theoretical references obtained by the study of literature studies serve as the basic foundation and the main tool in conducting research.

3.1 Research Objectives

The purpose of this study is to reduce the negative impact of pseudo-cooperatives that are very large losses for the community as cooperative members who believe in their management patterns. It is hoped that this research can later become one of the comparative sources for all components of cooperative managers who have been given trust by members, so as not to carry out things that make cooperatives managed to be false, because of course this will adversely affect the development of cooperatives in Indonesia.

IV. DISCUSSION

4.1 Causes of Pseudo Cooperatives in Indonesia

The term pseudo cooperative (quasi cooperative) refers to a condition when a cooperative is not a cooperative (when cooperative is not cooperative). Legally, cooperatives are bound to the basic principles of cooperatives and applicable laws and regulations. Thus it is quite easy to identify pseudo cooperatives. If a cooperative does not implement the basic principles of cooperatives and is not in accordance with the laws and regulations that apply, then the cooperative can be categorized as a false cooperative.

In Indonesia, the symptoms of the emergence of pseudo-cooperatives can be traced from the development of the cooperative movement over the past three decades. After the colonial government ended, local government based on customary law and traditional political structures was replaced by a village government

that had a uniform national form. This form of village government no longer recognizes customary rights to local land and resources and is more regulating from above. The ulayat forests were taken over by the government and then the concession rights were distributed to a handful of elites who had close relations with the government.

Forests are then cut down on a large scale for commercial purposes and expansion of plantation areas. Even local residents are forced to help in the process of degradation of this extraordinary scale of environmental damage to simply increase income. Although the benefits received by local residents are relatively small, they must bear the external costs which are not small, for example: landslides and floods. Instead of not getting a share, the timber company then procures equipment such as chainsaws, bulldozers and trucks for local residents.

Ironically, this business is often regulated in pseudo cooperatives under the guise of joint ventures that appear to have immunity to the law. In rural areas there are also cooperatives that have earned the title of independent cooperatives, but it turns out that his life depends too much on the facilities, incentives and government facilities. An example is the Village Unit Cooperative (KUD). When the facilities, incentives, and facilities are revoked by the government, the KUD is in a difficult position. Many of the KUDs then experienced a decline in performance and business setbacks. This phenomenon is certainly not in accordance with the principle of autonomy (independence).

4.2 Forms of Pseudo Cooperative Management Practices in Indonesia

Indications that cooperatives are no longer a group of people but a capital association of entrepreneurs. Examples are transport cooperatives. This cooperative is dominated by transport entrepreneurs, its members are mostly transportation service business owners, not owned by transport drivers or passengers who use the transportation service.

The passengers who boarded the transportation were actually outsiders who were not members of the cooperative. This does not mean that cooperatives cannot provide services to non-members, because cooperatives can still serve non-members as long as they do not harm the members themselves and are intended to attract non-members to become members of cooperatives.

Although there are savings and loan cooperatives that are able to channel interest-free loans to their members, sometimes there are also

savings and loan cooperatives that operate by relying on low-interest credit program facilities from the government, and then attracting very high lending rates to their members, and willing to also serves debtors who are not members of the cooperative.

This kind of savings and loan cooperative is the same as a well-organized loan shark association. This shows that the existence of cooperatives as self-help organizations which are also the identity of cooperatives is very vague. The inability of the cooperative as a self-help organization is partly due to the full involvement of members in the decision-making process and the preparation of cooperative programs. Members' participation is only taken into account when attending Annual Member Meetings (RAT), paying cooperative savings, and conducting transactions with cooperatives. The organization of cooperative activities and businesses is more dominated by the management and managers who seem to know what is best for the cooperative. The cooperative has disregarded democratic principles. If this is the case, the cooperative is merely a partnership of managers.

4.3 Shifting Principles of Cooperatives and Their Appearances for the Development of Cooperatives in Indonesia

At present many cooperative patterns are applied in almost all companies including several state-owned enterprises that have implemented the concept of profit sharing and employee participation, which drives the participation of workers in the decision making of companies, especially those related to the principle of profit and risk sharing.

The application of these two concepts is intended to achieve business peace and certainty and to ensure business continuity. Both concepts have been implemented in the Employees Stock Option Program (ESOP). This program is intended for workers / employees so that they can participate and "control" the company so that it can improve performance and optimize company resources. But it seems that the proportion of the distribution of share ownership is still unfair. Company leaders can have a company share that is far more than laborers / employees.

They are only given a "quota" of shares in very small amounts. In fact, the shares they may never have because they had to be resold for various purposes. In the cooperative the concept of profit sharing and employee participation is mainly reflected in the distribution of SHU to members, the distribution of SHU is not solely based on capital

owned by members of cooperatives, but also based on the balance of business services (business transactions and capital participation) of members to cooperatives. Such provisions are a manifestation of the value of family and justice.

An interesting phenomenon can be seen in functional cooperatives, namely a cooperative that is established not only on the basis of the similarity of the interests of members but also on the basis of administrative technical reasons and a certain scope (location). The cooperative exclusively restricts members, for example: employee cooperatives only have employees in certain companies or institutions and student cooperatives that only have certain university students.

The cooperative is practically "closed" because it cannot accept outside members. Whereas the principle of cooperative membership is open, meaning that in cooperative membership there is no limitation or discrimination in any form. Thus, anyone who meets certain requirements can become a member of the cooperative. One good example is a women's cooperative. Although the name is a women's cooperative, its members not only consist of women, but also accept male members.

V. CONCLUSION

In Indonesia there has been a lot of practice in shifting the principles of cooperatives and the cooperative management model has almost been changed throughout all aspects, as seen from the inability of the principle of mutual cooperation and joint responsibility management model that was once the cooperative identity of Indonesia.

Currently the cooperative management model has led to the process of a pure business entity that prioritizes closed principles and seeks profit in the service process.

It is very unfortunate that this pseudo cooperative tactic will certainly lead to the process of improving the people's economy which was initially the target and the main task of the cooperative to improve and advance it. The government and the management of cooperatives, in particular, must suppress the practices of cooperative commercialization so that later Indonesian cooperatives can return to their original identity with the aim of starting to advance the people's economy.

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