

# The Roles of Koperasi Mitra Sehati in Improving People's Economy as a Way of Community Empowerment

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**Abstract:** This research was motivated the persistence of the low income group, limited employment opportunities and a little information and dissemination on community empowerment policy at the local level (RW/RT) and still focused on the level of the village. This study was conducted in RW (Rukun Warga) 14 Sail Tenayan Raya Pekanbaru. While the research time was from August to November 2016 with qualitative descriptive approach. The study sample consisted of RW chairman, MFI Chairman and members, and the community at RW 14. The roles of Koperasi Mitra Sehati provide significant economic contribution; creating a positive business climate; Developing-based economy to a renewable resource; Innovation and creativity which is a competitive advantage of a nation; provide a positive social impact. The research also concluded that the cooperative has a very important role in supporting the economy of the community, one through people's economic activities (creative economy). Cooperatives have become an alternative to other business institutions. In this condition, people have felt that the benefits and role of cooperatives is better compared to other institutions.

## 1 INTRODUCTION

Pekanbaru is the area that has a very useful source of information for government and for the public interest, so that the growing resources is part of a legal product and local wisdom in the city of Pekanbaru. For that reason Pekanbaru's government has done through its policy planning that one people's empowerment.

As we know that community empowerment is the development process where the community took the initiative to start the process of social activities to improve the situation and his own condition. At the core of community empowerment can only happen if citizens participate. It is the people who become agents of development or also known as the subject<sup>1</sup>.

Koperasi itself has an impact on social and economic development process. Empowerment in a structured and sustainable co-operative will be able to harmonize the economic structure nasionalm accelerating economic growth, reducing the open unemployment rate, reduce poverty, mendinamisasi real sector, and improve income distribution community.

Koperasi judged suitable to empower people because it has the values of justice, solidarity, brotherhood, and prosperity. In Islam cooperatives classified as syirkah / syarikah, as Allah says in QS Al-Maidah: 2 which means: "And please work in goodness and piety, and do not cooperate with each other in sin and enmity". Thereby, through cooperative societies are expected to build their own economy and one of them with a productive economy. As for productive economic activity is community development by providing venture capital strengthening. This helps the community in order to avoid poverty. They were able to make efforts rated contributing to their income.

Based on the foregoing, it is known that the empowerment of communities in Pekanbaru City was one of them has been implemented at the Rukun Warga (RW) 14 Sub-District of Sail, Tenayan Raya, Pekanbaru.

President of Indonesia Joko Widodo said that data about koperasi in problems in Indonesia that from 212.000 koperasi, it was only 150.000 active koperasi. "This means that around 62.000 koperasi that is inactive. This is the real potrait that should be informed," said Jokowi in the celebration of

Koperasi Day in Jambi as cited by press of Media and Informasi, Thursday (21/7/2016).

From previous researched done by Djumran Yusuf, Amiluddin dan Jumrain (2014), it was revealed that Cooperative gave sizeable role by loan capital, supply equipment and daily needs of cooperative's members who work as a fisherman. Hence, the purchase decision was not influenced by the price, and but it was affected by product type, and goods distribution.

Based on the above phenomenon and research gap, it is important to do research on the existence of Koperasi in Indonesia.

#### Identification of the Problem

Based on the problems described in the background, the question surrounding this study include:

- a. There are some people who are at low-income groups (the poor) in Pekanbaru.
- b. There are also some people in Pekanbaru who cannot have their own jobs.
- c. There are some people who do not know and carry out productive economic activities in their economic empowerment.
- d. There are some people in Pekanbaru who don't belonging to cooperative membership.
- e. There are still people in Pekanbaru not fully determine the role of cooperatives in the economic empowerment program.

### 1.1 Limitations

Based on the number of identified problems and constraints of time, cost and effort, the researchers limited the study to see what the role of Koperasi Mitra Sehati in Improving People's Economic as a way of Community Empowerment.

### 1.2 Objective

This study aims to determine the roles of Koperasi Mitra Sehati in improving people's economic as a way of community empowerment.

## 2 LITERATURE REVIEW

### 2.1 Definition of Koperasi

Koperasi or Cooperative derived from the English term is cooperation, co which means togetherness, while operation means work. So it can be interpreted that the cooperative is working together or joint venture for mutual interest. So generally we can say

that the cooperative as an association of people who voluntarily unite to fight for their economic improvement towards a better life to prosperity together doing activities that can help improve their economies 3.

In addition to the cooperative by Richard Kohl and Abrahamson is a business entity with ownership and service users are members of the cooperatives themselves as well as the supervision of these enterprises should be done by those who use the services of the business entity.

The definition of Koperasi in Indonesia is also contained in the Act No. 25 of 1992 regarding cooperatives. This law states that the cooperative is a business entity consisting of persons or legal entities with the bases cooperative activities based on the principle of cooperation, as well as people's economic movement based on the principle of kinship. The definition can be formulated from the essential elements of the cooperative are:

- 1) Cooperatives are business entities.
- 2) Cooperation may be established by a legal or cooperatives as well as members of the cooperative in question.
- 3) Cooperative managed based on the principles of co-operative.
- 4) Cooperative is managed based on the principle of kinship.

Based on the above notions, it can be concluded that the cooperative is association of people or entities that have the goal of achieving economic prosperity based on the principle of kinship and mutual cooperation. Cooperative is seen as a cornerstone of the economy of Indonesia.

#### The Purpose of Koperasi

As stated in Article 3 of Law 25 of 1992 regarding cooperatives, the purpose of the cooperative is to promote the welfare of members in particular and society in general and to help build a national economic order in order to realize an advanced society, equitable and prosperous based on Pancasila and the Law Constitution of 1945. Under the Act, it can be concluded that the purpose of the cooperative can be described as follows:

- 1) To promote the welfare of members of the cooperative
- 2) To promote the welfare of society
- 3) Build a national economic order.

Moreover as set out also in the Law No.17 of 2012 Article 4 also explains the same thing that the cooperative aims to improve the welfare of members in particular and society in general, as well as an integral part of the national economic order that is democratic and fair. Then, based on the article can

be explained that the cooperative has a direction and mandate among others:

- 1) Cooperation is expected to be a tool to improve the welfare of its members and the people of Indonesia
- 2) Cooperative is expected to be a major part in the structure and the system of national economy.
- 3) Cooperation is expected to be a reflection of national economic democracy with justice 5.

## 2.2 Principles of Koperasi

Under Law No. 17 In 2012, Article 6 in detail that Indonesia has seven principles of Koperasi, as follows 6:

- 1) Membership is voluntary and cooperative
- 2) Supervision by a member made democratically
- 3) The members actively participate in the economic activities of cooperatives
- 4) Koperasi is a business entity that is autonomous and independent
- 5) To conduct a cooperative education and training for its members, supervisors, managers and employees as well as inform the public about the identity, activity and benefits of cooperatives.
- 6) Koperasi services to their members are primed and strengthen the cooperative movement by working together through a network of activities at the site level, national, regional and international
- 7) Koperasi works for the sustainable development for the environment and their communities through policies approved by the members.

## 2.3 Role and Functions of Koperasi

According to Article 4 of Law No. 25 In 1992, Koperasi has the function and role as follows 7:

- 1) To build and develop the potential and capabilities of member economies in particular and society in general, to improve the economic and social welfare.
- 2) To participate actively in efforts to enhance the quality of human life and society.
- 3) To strengthen the economy of the people as the basis of power and national economy and become basic principle of economy.
- 4) To realize and develop the national economy which is a joint venture based on family principles and economic democracy.

## 2.4 The People's Economy (Creative Economy)

Based on the definition of Howkins that the Creative Economy is an economic activity in which the input and the output is the idea. True enough, the essence of creativity is the idea. Imagine only the capital of ideas, a creative person can earn a very decent. The ability to realize the creativity mixed with a sense or value of art, technology, knowledge and culture be authorized to deal with the economic competition, so comes the creative economy as an alternative economic development to improve the welfare of society.

The reason why Indonesia needs to develop a creative economy partly because the great potential in the creative economy: provides significant economic contribution; creating a positive business climate; image building and national identity; developing-based economy to a renewable resource; innovation and creativity which is a competitive advantage of a nation; provide a positive social impact.

Creative economy is highly dependent on human capital (human capital or intellectual capital, there is also a call creative capital). Creative economy requires creative human resources of course, able to generate ideas and translate them into the form of goods and services of economic value. The production process may follow the rules of the industrial economy, but the original idea was creativity.

To boost the development of creative industries in the country, many benefits that can be achieved if the government and the supporters of the creative economy are serious in carrying out their duties, such as:

- 1) SME Business growing majority of SMEs engaged in the creative industries. Some problems of SMEs in Indonesia, such as marketing, promotional, managerial, information, human resources, technology, design, networking (networking), and the financing is expected to be resolved soon. As a result, the expectations of SMEs become a major driver of the national economy, contributing 54% to GDP and average growth of 12.2% per year in 2025 can be realized.
- 2) To reduce the level of poverty. According to BPS, the poor in 2007 has reached 16.5% (approximately 37.1 million), an increase compared to 2005 of 15.9%.
- 3) To reduce the unemployment rate. In 2005, the official unemployment rate was recorded at its

highest point, which is 10.3%. Meanwhile, the open unemployment rate in August 2007 reached 10,01 million people. The rural unemployment rate was slightly higher than in urban areas.

According to Elitua and Bastian (2011), the development of creative economy quantitatively over the last 5 years (2006-2010), indicated that the average growth in output for 5 years at 3.1%. Then, Based on the average contribution of the national economy, creative industries contribute quite large at 7.28%, this result is greater than the contribution of the sector contributed Finance, Real Estate and Business Services (6.53%), Transportation and Communications (6.5%) and Electricity, Gas and Water (0.85%). In employment, the creative industry average of 7.75 million labor absorbing than 108 million average amount of the national workforce. Then, create business field an average of 3 million companies from 47 million the number of businesses that exist nationally.

Creative Economy can provide a very broad role in improving the image of the national economy as well as the ability to lift the local cultural heritage then to develop them. Based on the observation that there can be concluded that the creative economy is believed to be able to challenge the basic problems of the national short and medium term, namely: (1) the high contribution to national economic growth (an average of 7.28% per year); (2) employment in the midst of high unemployment (7.75%), and (3) an active role in international trade. (Mokhamad, 2007) Economic development of a nation is an important pillar for the implementation of the process of development in all fields. Because if the economic development of a nation is successful, then other fields such as law, politics, agriculture, and others would be very helpful. (Dumairy, 1997).

Advantages of the Industry sector of which contribute to employment and can create value added (value added) higher on a variety of commodities produced. According to the Theory of Economic Development, the higher contribution of the industrial sector of the economy. The development of country then the country is moving forward. If a state contribution of the industrial sector has been above 30%, it can be said that country classified as developed countries (Sadono Sukirno, 2001 in Mokhamad 2007).

## 2.5 Role in Improving Economic Cooperation of People (Creative Economy)

Koperasi Indonesia in the framework of economic development and the development of the welfare of members in particular and society in general, the role and duty to unite, guide, nurture and develop the potential, creativity, the power of people's business to increase production and realize the achievement of a fair income and prosperity (Kartasapoetra, et al).

Koperasi has benefits and important role in helping to improve the economy and society as well. Not only the members, the cooperative board also felt the same way. Benefits perceived by them in accordance with their needs. Savings and loans unit managed by cooperatives Mitra Sehati, such as providing fresh air for the surrounding community. Koperasi Mitra Sehati is a cooperative that is based on the principle of kinship, always provide the best for its members and the community. The benefits of a cooperative that is reflected from the objective is to improve the welfare of members of both the economic and social level. Welfare is closely related to the utilization of the services of the cooperative helped members in the face of difficulties, especially concerning financial matters.

As one of the pillars of the national economy increase, the cooperative must continue to evolve in order to reduce poverty and social welfare. By looking at the important role of cooperatives in improving the creative economy, the cooperatives need to be developed, as it has been in the know that the benefits of this cooperation is very much among others, that help people who are less able, with a view to the welfare of society at large. Social life more closely and intertwining straps silaturahmi fellow members and the community.

## 2.6 Relevant Research

The few studies that are considered relevant to the investigation to be carried out by the researchers, which can be used as a reference, among others:

- 1) The study, entitled "Community Empowerment through Cooperative Credit Union (A Study on the Credit Union Pontianak Equator Bakti)" by Ayub Barombo, Asrori, and Donatianus. Research results showed that the CU as a public institution in its activities indirectly implement community empowerment process for CU facilitate cooperative society in economic and social development. This study

certainly have similarities in terms of community development, but still have differences that lie in different cooperatives and different studies.

- 2) The study, entitled "The Role of Cooperatives in Bricks Crafters Community Empowerment (Case Study on Credit Unions in Desa Jaya Mandiri Kandangan Trucuk District of Bojonegoro)" by Moch. Joseph. This study aims to describe how the above mentioned cooperative role in community empowerment of brick crafters. It turns out that these cooperatives provide credit easily to its members both credit for working capital or for daily needs, and help market the members smoothly and decent prices, provide the means of production used members in the process of making bricks and to provide guidance to produce the bricks so that the bricks are qualifiedly produced. The difference with this study is to be conducted this research not on brick producers, but on the overall economic activity in the creative community of cooperative members who joined together constantly in achieving Pekanbaru Program.
- 3) The study, entitled "The Role of Cooperatives in Empowering Communities in Medan City" by Elisabeth Purnama. This study aims to determine the number of credits earned development of cooperative members can increase / economic empowerment of the family and what the constraints. It is associated with factors that encourage people to use cooperative services such as service, location and people's desire to add to its earnings. The differences of this research were not looking for anything like studied by these investigators but rather on what activities are carried by cooperative to support community-based economy of the creative economy.

### 3 METHODS

This study was conducted in Rukun Warga 14 of Sail at the District of Tenayan Raya, Pekanbaru. The research period was from August to November, 2016. The population of the research is people in Rukun Warga 14 at Sail, District of Tenayan Raya of Pekanbaru, while the sample of the research is the chairman of RW 14, the Koperasi supervisor and the members of Koperasi Mitra Sehati. In this study used qualitative research methods, it can be described the design of the research consists of: the

stages of collecting the necessary data, the reduction and then summarized. Research Library., in this case the researchers collecting data by studying and reading related books and theories or documents. The field research, the authors directly down to the field to conduct interviews with informants. Documentation, such as AD / ART of Koperasi Mitra Sehati. The data obtained by researchers were analyzed with qualitative analysis technique, then they were descriptively presented in written. This technique aims to describe the facts and the data obtained systematically, and the results of research, from the results of field studies and literature to then clarify the results.

### 4 RESULTS AND DISCUSSION

Koperasi Mitra Sehati is one business cooperatives precisely addressed at Jalan Ikhlas Gg. Madrasah RT01 / RW 14 Sail at Tenayan Raya District of Pekanbaru. Koperasi was established in August 2015. At the beginning of this cooperative engaged in the business or activities of savings and loans. But then the cooperative will also undertake production business units, marketing business unit, a business unit of consumption and services business unit. This cooperative at inception chaired by Ade Syaputra, and the supervisor is Kalayo Hasibuan. The cooperative now has initial capital consists of principal savings and mandatory savings member Rp. 46.98 million, - which consists of 50 members.

Related savings and loans made by Koperasi Mitra Sehati, this cooperative has provisions from the member savings. Each member must pay the principal in cash at the time of admission of Rp. 50.000,- and each member is required to pay a mandatory deposit of Rp. 10.000, or capital investments are calculated as the capital base as determined in the Bylaws or Member Meeting Resolutions. (Source: Basic Budgeting of Koperasi Mitra Sehati, 2015).

As we know that the unit savings and loan cooperative is also an empowerment effort associated with moving the cooperative effort in the utilization and use of resources owned by members of a cooperative established by member economies to meet members in particular and society in general. The role of this cooperative effort is to improve the community economy, especially the economy of the people through the creative economy which is now being developed at this time.

Popular economy (creative economy) in general is a micro business sectors of the economy which is cultivated by the common people as members of Mitra Sehati Business Multipurpose Cooperative.

Given the importance of the micro business sector who have joined in a cooperative, the cooperative movement must become a priority of the coaching and development of the business, because businesses can thus provide jobs and reduce unemployment. It is only logical that the micro sector who are members of the cooperative to get attention to be further developed so it really can be the main support of the national economy.

Based on AD / ART of Koperasi Mitra Sehati, it is also described in general business activity is to serve members by applying economic principles of cooperatives. The efforts are as follows:

1. Raise funds from members through the principal savings and mandatory savings
2. Run the savings and loan and other efforts to members.

Based on interviews with administrators and supervisors (in October 2016), it was revealed that Koperasi Mitra Sehati business have categories of activities:

1. Activities savings and loan  
Consists of collecting deposits time and savings cooperatives cooperatives of members and prospective members, other cooperatives and or members; provide loans to members, prospective members and or its members to uphold the principles of sound lending by considering the feasibility assessment and loan application capabilities.
2. Procurement of creative economic activity and community members  
Koperasi Mitra Sehati also involved in providing training to increase the creative economy can be developed communities that do not have a job as housewife. The role of Koperasi Mitra Sehati provide significant economic contribution; Creating a positive business climate; Developing-based economy to a renewable resource; Innovation and creativity which is a competitive advantage of a nation; Provide a positive social impact.

In terms of improving social welfare is also related to co-operative societies of creative economic activity Mitra Sehati has sought assistance activities / allowance or remuneration to the members, administrators, supervisors and managers or employees.

3. The sharing of Operations Revenues (SHU)  
In cooperative gains referred to as Operations Revenues (SHU), is "the difference between the income earned by the costs incurred in business management, cooperative revenue derived from service members and the community".

The distributions of business is not given directly to members of the cooperative, but will be used as

capital for cooperatives in the next year, which will then be used as the management of the cooperative (Interview with chairman of the cooperative in October 2016).

## 5 CONCLUSIONS

Based on the results of research on the role of Koperasi Mitra Sehati described above, it can be concluded that Koperasi have a very important role in supporting the economy of the community, one of them through the economic activities of the people (creative economy). Koperasi has become an alternative to other business institutions. In this condition, people have felt that the benefits and role of cooperatives better than any other institution This is consistent with the understanding of the cooperatives themselves according to Law No. 25 of 1992, that: "The business entity consisting of a person or legal entity with the bases cooperative activities based on the principles of cooperation as well as people's economic movement based on the principle of family".

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