
Enhancing Good Cooperative Governance at Koperasi Merah Putih Ciambar, Indonesia as a Strategy for Sustainable Economic Development

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Abstract

Cooperatives represent a vital institutional mechanism for advancing inclusive and sustainable economic development, particularly in rural contexts where financial access and managerial capacity remain limited, yet weak governance systems, inadequate human resources, and the absence of standardized operational frameworks continue to constrain their performance in Indonesia. This study evaluates the effectiveness of a community-based governance capacity-building program implemented at Koperasi Merah Putih, Ciambar Village, Sukabumi, which was designed to strengthen good cooperative governance while supporting the achievement of Sustainable Development Goal 8 on decent work and economic growth. Using a mixed-methods approach, the study combined pre-test and post-test assessments with structured perception surveys administered to cooperative managers, supervisors, and members, and the data were analyzed through descriptive statistics and paired sample t-tests. The findings demonstrate a statistically significant improvement in governance knowledge, with mean scores increasing from 1.69 to 4.23 ($p < 0.001$), alongside a very high level of participant satisfaction (mean score = 4.62), particularly in terms of training relevance, facilitator competence, and practical applicability. These results indicate that targeted governance interventions can enhance institutional transparency, accountability, and participation, thereby strengthen cooperative sustainability and reinforcing their role as engines of community-based economic growth

Keywords: Cooperative Governance, Community Empowerment, Sdgs, Rural Development, Training Effectiveness, Financial Inclusion.

INTRODUCTION

Cooperatives play a strategic role in advancing inclusive economic growth by expanding access to financial services, generating employment, and strengthening community resilience, particularly within vulnerable market-based populations. In Indonesia, cooperatives are not merely economic units, but social institutions rooted in mutual assistance and collective ownership, making them essential instruments for achieving Sustainable Development Goal 8 on decent work and economic growth (BAPPENAS, 2023). However, empirical evidence and national reports indicate that many cooperatives struggle to operate sustainably due to structural governance weaknesses, limited managerial capacity, and low member participation (Amalina, 2024). These systemic constraints threaten their ability to contribute meaningfully to local development and social equity, especially in informal market communities. Therefore, strengthening cooperative governance through community-based interventions is a critical policy and academic priority aligned with the SDGs agenda.

The government's latest initiative, particularly the establishment of the Merah Putih Village Cooperative, known as *Koperasi Desa Merah Putih* (KDMP), demonstrates a renewed national commitment to revitalize cooperatives as drivers of rural economic empowerment. The Ministry of Administrative and Bureaucratic Reform emphasizes that institutional reform,

harmonization of governance, and human resource development are essential to ensure the effectiveness of KDMP in more than 81,000 villages (PANRB, 2025). However, experts warn that without a coordinated governance framework, the existence of KDMP and Village-Owned Enterprises (BUMDes) risks causing overlapping functions, inefficiency, and institutional competition (Mardiasmo, 2025). Such fragmentation undermines public trust and weakens the social value of village economic institutions, contrary to the principles of inclusive growth and community ownership. As the result, a shift towards New Public Governance, which prioritizes ethics, transparency, accountability, and sustainability, is increasingly necessary to support the legitimacy and performance of cooperatives (Mardiasmo, 2025).

In organizational level, the application of Good Corporate Governance (GCG) principles has been widely recognized as a foundation for cooperative sustainability and stakeholder trust. Studies in Indonesian cooperatives reveal that accountability, transparency, independence, and fairness significantly influence financial performance and institutional resilience (Andriani & Trisnaningsih, 2023; Luwih & Muliarta, 2018). International frameworks, such as the Guidelines for Good Practices of Financial Cooperative Governance issued by the Central Bank of Brazil (2008), similarly stress the importance of ethical conduct, professional management, and internal control systems to ensure long-term viability. Despite these global standards, many grassroots cooperatives continue to operate with weak administrative structures and limited understanding of governance mechanisms. This gap highlights the urgency of translating abstract governance principles into practical, community-oriented capacity-building models.

This study is based on a Community Contribution Programme, known as *Pengabdian kepada Masyarakat* (PkM), implemented for market traders in Blora Regency, Central Java Province (members of a local cooperative, primarily representing the informal economic sector). Through participatory forums and knowledge-sharing sessions, it focused on governance literacy, cooperative procedures, rights and obligations, and administrative compliance, thereby strengthening members' dual roles as “owners” and “service users” (Setiawan & Pangestu, 2020). This intervention aligns directly with SDG Goal 8, particularly targets related to productive employment, formalization of micro, small and medium enterprises (MSMEs), and financial inclusion (BAPPENAS, 2023). By integrating national policy directions, governance theory, and grassroots realities, this study contributes to a context-appropriate cooperative strengthening model. Ultimately, it demonstrates that community-based governance reform is not merely a managerial necessity but a transformative pathway towards sustainable and inclusive economic development.

RESEARCH METHODS

This study adopted a community-based mixed-methods design within a Participatory Action Research (PAR) framework to evaluate the effectiveness of a cooperative governance capacity-building program implemented in Ciambar District, Sukabumi, Indonesia. The intervention was conducted as part of a Community Service initiative led by researchers with a focus on Sustainable Development Goals (SDGs), particularly SDG 8 on decent work and inclusive economic growth. The research subjects consisted of 13 cooperative managers and members representing six villages in Ciambar District, selected through purposive sampling based on their active involvement in cooperative operations. This approach ensured that

participants possessed direct experience with governance and financial management challenges faced by rural cooperatives. The study was carried out from December 2025 to January 2026.

The training program was structured as an interactive governance workshop, combining lectures, group discussions, case simulations, and practical exercises on cooperative administration. The learning materials were developed based on Good Cooperative Governance principles transparency, accountability, responsibility, independence, and fairness—adapted from prior empirical studies (Budiyah & Suyono, 2020; Yusma et al., 2021) and national regulatory frameworks, including Law No. 25 of 1992 on Cooperatives and SAK ETAP issued by the Indonesian Institute of Accountants (IAI, 2009). Participants were also introduced to standardized documentation systems, financial reporting formats, internal control mechanisms, and draft Standard Operating Procedures (SOPs). Data were collected using three instruments: (1) a structured pre-test and post-test questionnaire to measure knowledge improvement, (2) a five-point Likert-scale perception survey to assess satisfaction with the training, and (3) field observation notes recorded during the workshop sessions.

Quantitative data were analyzed using descriptive statistics and a paired sample t-test to determine the effectiveness of the intervention, with statistical significance assessed at a 95% confidence level. Mean scores and categorical interpretations were used to summarize participant satisfaction across three dimensions: training materials, facilitator performance, and learning environment. Qualitative field observations were employed to contextualize numerical findings and to capture changes in participant engagement and institutional awareness. The integration of quantitative and qualitative evidence enabled a comprehensive assessment of the program’s contribution to strengthening cooperative governance and advancing local progress toward the SDGs.

RESULTS AND DISCUSSION

The evaluation results demonstrate that the community-based governance workshop in Ciambar Village generated a strong positive response from participants and significantly enhanced their understanding of cooperative management. As shown in Table 1, the overall satisfaction index reached 4.62, which is categorized as very good. High scores across most indicators suggest that the training content, delivery, and relevance were well aligned with participants’ practical needs. This finding indicates that participatory governance education can effectively bridge knowledge gaps in rural cooperative communities. Similar outcomes have been reported in community governance capacity-building programs, where relevance and clarity are critical determinants of learning effectiveness (Setiawan & Pangestu, 2021; Budiyah & Suyono, 2020).

Table 1. Participants’ Evaluation of the Training Program

Dimension	Indicator	Mean Score	Category
Training Materials	Clarity and ease of understanding	4.77	Very Good
	Relevance to training objectives	4.69	Very Good
	Knowledge enrichment	4.77	Very Good
	Usefulness for business development	4.85	Very Good
Facilitator	Mastery of topic	4.77	Very Good
	Delivery style	4.69	Very Good

Dimension	Indicator	Mean Score	Category
	Clarity of explanation	4.85	Very Good
	Ability to answer questions	4.77	Very Good
	Professional appearance	4.85	Very Good
Facilities	Visual display quality	4.08	Good
Facilities	Room comfort	4.08	Good
	Sound system clarity	4.15	Good
	Attractiveness of presentation slides	4.77	Very Good
Overall Training Evaluation		4.62	Very Good

Source: *Processed from field survey data, 2026*

The strongest ratings were observed in the training materials and facilitator performance, particularly regarding usefulness for business development and clarity of presentation, both of which achieved a mean of 4.85. These results indicate that participants perceived the content not merely as theoretical knowledge, but as directly applicable to their cooperative practices. This aligns with the argument that adult learning in rural settings must be problem-oriented and context-sensitive to produce meaningful behavioral change (Faedlulloh, 2024). Moreover, the high scores on knowledge enrichment suggest that the workshop successfully addressed long-standing information asymmetries within the cooperative. Such asymmetries have been widely identified as a structural barrier to cooperative sustainability in Indonesia (Media Indonesia, 2024).

Although facility-related indicators received slightly lower scores, all remained within the good category, with means above 4.00. This suggests that while physical infrastructure may still require improvement, it did not significantly hinder the learning process. The contrast between content quality and facility conditions highlights the importance of human-centered program design in community development initiatives. Prior studies have similarly found that effective facilitation can compensate for limited physical resources in rural training environments (Amalina, 2024). Therefore, the success of this workshop can be attributed primarily to its pedagogical relevance and facilitator competence.

The effectiveness of the training was further validated through a pre-test and post-test comparison. As presented in Table 2, participants' average knowledge score increased from 1.69 to 4.23, representing an improvement of approximately 150%. The paired sample t-test produced a significance value of 0.000, indicating that the observed change was not due to chance. This confirms that the workshop substantially enhanced participants' understanding of cooperative governance and management principles. Similar learning gains have been documented in governance literacy programs targeting cooperative managers in developing regions (Putri et al., 2023).

The magnitude of this improvement indicates that structured governance training can function as a transformative tool for strengthening local institutions. Prior to the intervention, most participants lacked basic understanding of governance principles, financial reporting standards, and legal frameworks such as Law No. 25/1992 and SAK ETAP (IAI, 2009). After the workshop, participants demonstrated a clearer grasp of transparency, accountability, and member participation mechanisms. This supports the argument that institutional weakness in

cooperatives is not solely structural, but also cognitive in nature (Mardiasmo, 2025). Hence, capacity building must be recognized as a core governance reform strategy.



Figure 1. & Figure 2. Interactive Explanation of Cooperative Governance and Financial Management Materials

Source: Community Service Documentation

From SDGs perspective, these results directly contribute to SDG 8, particularly Target 8.3, which emphasizes formalization, productivity, and access to financial services for micro- and community-based enterprises (BAPPENAS, 2024). By improving governance literacy, the program enhances the cooperative's potential to operate as an inclusive economic platform. This reinforces global findings that well-governed cooperatives play a strategic role in advancing sustainable and community-centered development (Lafont et al., 2023). Consequently, the Ciambar case illustrates how localized educational interventions can generate systemic impact aligned with national and global development agendas.



Figure 3. Interactive Explanation of Cooperative Governance and Financial Management Materials

Source: Community Service Documentation

CONCLUSION

This community-based training demonstrated that strengthening cooperative governance through structured capacity building can significantly enhance institutional readiness and member confidence in rural economic organizations. The statistically significant improvement between pre-test and post-test scores confirms that targeted workshops are

effective instruments for increasing managerial and regulatory understanding among cooperative stakeholders. Moreover, the very high satisfaction levels reported across training content, facilitators, and learning relevance reflect strong acceptance of governance-based interventions. These outcomes support prior findings that cooperative sustainability is closely linked to transparency, accountability, and participatory management practices (Budiyah & Suyono, 2020; Puspitasari & Ludigdo, 2014). In this sense, the Ciambar case illustrates how governance reform can operate as both a technical and social catalyst for cooperative revitalization.

From a sustainable development perspective, the program contributes directly to SDG 8 (Decent Work and Economic Growth) by enhancing local institutional capacity, improving access to financial governance knowledge, and promoting inclusive economic participation. Well-governed cooperatives function as micro-level development engines that support employment, entrepreneurship, and financial inclusion, particularly in rural communities. The alignment between cooperative reform and the SDGs reinforces global evidence that community-owned enterprises represent a viable pathway toward sustainable and inclusive growth (Zhu & Marjanovic, 2020; Faedlulloh, 2024). As such, governance-based empowerment should be viewed not merely as administrative reform, but as a strategic investment in long-term socio-economic resilience.

Despite its positive impact, this study remains limited by its small sample size and short-term evaluation design, which restricts the generalizability of findings across broader cooperative ecosystems. Future research should integrate longitudinal monitoring, comparative village studies, and mixed method approaches to capture behavioral change, financial performance, and governance maturity over time. Additionally, digital governance tools, standardized accounting systems, and participatory monitoring mechanisms should be embedded to strengthen institutional sustainability. Ultimately, the Ciambar experience affirms that cooperative transformation rooted in good governance is not only feasible, but essential for advancing rural development and achieving national and global sustainability targets.

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