



Strategic Management of Cooperatives in The Society Era 5.0

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Abstract. Cooperatives are people's economic movements that base their activities on the principle of kinship to achieve the welfare of members in particular and society in general. The number of cooperatives in Indonesia continues to increase every year after a drastic decline in 2018. The decline was caused by the incompetence of cooperative management, weak strategic management and cooperative governance so that cooperatives could not compete in the market and were easy to fraud. The number of cooperatives that stalled during the pandemic was also caused by liquidity problems. Cooperatives are institutions that manage funds from members, so cooperatives must be transparent and accountable. Cooperatives have the obligation to report the results of their business activities through the Annual Member Meeting (RAT) every year. But in reality, the majority of cooperatives have not done so. As an effort to maintain the sustainability and competitiveness of cooperatives, cooperatives need to have good strategic management in the form of master plans, standard operating procedures, and evaluations and improvements every certain period. The preparation of a strategic management model that is in accordance with the characteristics and needs of cooperatives is important because it is an effort to increase the reliability of the information produced, reduce the possibility of fraud so that cooperatives can maximally develop economic potential and community needs in order to improve the welfare of all communities and contribute to national GDP.

Keywords: Strategic, Management, Cooperatives, Society Era 5.0

1 Introduction

Technological developments are inevitable due to the demand to continue to innovate in order to continue to exist in a fast-paced society. This is reflected in the emergence of the era of society 5.0 which was pioneered by the Japanese state as a continuation of the era of the industrial revolution 4.0. Society 5.0 not only emphasizes tools and technology, but more on the context of making humans the main component that must be able to create new value from technological developments. Humans must adapt to technological developments and digitalization and make it an inseparable part of human life [1].

According to Law of the Republic of Indonesia Number 25 of 1992 concerning Cooperatives, cooperatives are people's economic movements that base their activities on family principles to achieve the welfare of members in particular and society in general. Cooperatives also contribute to building the national economic order in order to realize an advanced, just, and prosperous society based on Pancasila and the 1945 Constitution. Based on the principle of trust, cooperatives can play a major role in saving the country's economy during the 1998 economic

crisis [2][3].

The number of cooperatives in Indonesia continues to increase every year after a drastic decline in 2018. The decline was caused by the incompetence of cooperative management, weak strategic management and cooperative governance so that cooperatives could not compete in the market and were easy to fraud. Many cooperatives have stalled during the pandemic due to liquidity problems[4][5]. The low level of member participation in the development of cooperative business activities, limited human resources, market access, the use of appropriate technology, access to financing, institutional governance, competitiveness of cooperative products and not all innovations and product development are also causes of the non-development of cooperatives. Cooperatives are institutions that manage funds from members, so cooperatives must be transparent and accountable. Cooperatives have the obligation to report the results of their business activities through the Annual Member Meeting (RAT) every year. But in reality the majority of cooperatives have not done so, exacerbated by the pandemic so that RAT continues to be delayed. As an effort to maintain the sustainability and competitiveness of cooperatives, cooperatives need to have good strategic management in the form of master plans, standard operating procedures, and evaluations and improvements every certain period [6][7][8][8][9].

The preparation of a strategic management model that is in accordance with the characteristics and needs of cooperatives is important because it is an effort to increase the reliability of the information produced, reduce the possibility of fraud so that cooperatives can continue to exist in the era of society 5.0 and maximally develop economic potential and community needs to improve the welfare of all communities and contribute to national GDP. Therefore, cooperatives will continue to be a pillar of economic activity that functions as social institutions and commercial institutions and is able to become the driving force of the national economy[10][11].

Strategic development of management in an organization is very important because it aims to streamline the cost of accounting records and improve the level of reliability of the information produced, so that the information produced, accounting control, and internal checks are better [12]. The reliability of the information produced is a form of responsibility and protection of the wealth of the organization. Accounting systems and procedures are structured based on the characteristics, potential, and needs of each organization. This is in accordance with contingency theory which states that organizational design cannot be universally applied [13]. The level of effectiveness of the development of an organization depends on the conformity of organizational policies with its environment

2 Research Methods

The research approach used is a qualitative approach. Descriptive analysis was chosen as the research method. According to Sugino (2014), the descriptive method is a method of describing or presenting an outline of an object of interest, using data or samples collected as is, without analysis or drawing conclusions. This method of writing aims to produce systematic, factual, and accurate descriptions, photos, or images of the relationship between facts, nature, and the phenomenon under study. The method of activity used is solving problems regarding the application of renewable science and technology within the scope of cooperatives[14].

This research will be conducted in cooperatives in Indonesia in 2023. Researchers select informants who are considered to know the problem in depth using purposive sampling and snowball techniques. Data collection techniques with observation, in-depth interviews, literature studies and focus group discussions (FGDs). In-depth interviews, are a way to obtain data by directly asking people who have been designated as informants or data sources by researchers who have relevance to the topics and problems experienced by the cooperative. Literature studies, conducted data collection from cooperative documents, books, articles, journals, research papers and institutional websites. FGDs were used in this study to explore information about the potential, conditions, needs, and characteristics of cooperatives. All information and data collected are critically examined and explained to answer the research question[15].

The procedure for processing this research data is the presentation of data, comparison (comparison), and presentation of research results. The presentation of data is based on each data collection from field notes and has been reduced, described, analyzed and interpreted. The data analysis technique in question focuses on investigating facts (natural settings) using detailed analysis techniques (verstegen). To present an overview of survey data, the following steps are performed:

- a. Data presentation stage: Data is presented in the form of integrated descriptions.
- b. Comparison stage: Is the process of comparing the results of data analysis that has been described with the interpretation of data to answer the problem under study.
- c. Stage of presentation of research results: This stage is carried out after the comparison stage, which is then summarized and directed to conclusions to answer the problems that have been raised by the researcher.

3 Results and Discussion

Fred[16] states that strategic management is a knowledge of the formulation, implementation, evaluation of strategies to achieve an organizational goal. Strategy management has a very important role for Cooperatives such as:

- a. Cooperatives have a vision, mission and goals as a guide or direction to be achieved so that cooperatives will run more purposefully.
- b. Able to develop the right strategy according to the conditions of the Cooperative and the environment outside the Cooperative.
- c. Cooperative managers can better understand the internal environment (strengths and weaknesses) and external (opportunities and threats) so that they can make decisions systematically so as to produce effective strategies.
- d. Cooperative managers can determine their long-term goals and objectives so that they can develop more targeted programs.

- e. Cooperative managers must focus their future goals on their strengths and turn weaknesses into strengths. If the focus is on strength, the Cooperative will succeed and successfully achieve the goals that have been set.
- f. Cooperative managers will quickly recognize changes in the environment so that they quickly adjust and focus attention on the main influences on strategic changes.
- g. Cooperative managers will make the right decisions in resource allocation.
- h. Reduce the risk of failure of the Cooperative.

Problems still faced by cooperatives in the era of society 5.0:

- a. Cooperatives do not yet have good institutional governance and strategic management
- b. Incompetence of cooperative administrators and limited human resources
- c. Weak strategic management and cooperative governance
- d. Declining cooperative liquidity due to the pandemic
- e. Low level of member participation in the development of cooperative business activities
- f. Cooperative market access has not been maximized, there are still many cooperatives that have not used digital marketing systems and have not used appropriate technology
- g. The competitiveness of cooperative products is still low and not all cooperatives have innovated and developed products
- h. The low level of transparency and accountability of cooperatives, one of which is shown by the fact that there are still many cooperatives that have not implemented RAT

As an effort to maintain the sustainability and competitiveness of cooperatives, cooperatives need to have good strategic management in the form of master plans, standard operating procedures, and evaluations and improvements every certain period[17].

4 Conclusions

Cooperatives are people's economic movements that base their activities on the principle of kinship to achieve the welfare of members in particular and society in general. Cooperative capital comes from members and profits from the results of the business carried out, so the cooperative is obliged to implement RAT. In fact, there are still many cooperatives that do not have strategic management, master plans, standard operating procedures, good governance, and have not even implemented RATs. This resulted in many cooperatives stalling during the pandemic due to declining cooperative liquidity. Therefore, it can be concluded that strategic management and good governance in a cooperative are very important, especially in maintaining the existence of cooperatives in the era of society 5.0 which prioritizes innovation, technology, and digitalization.

Suggestion

Cooperatives are advised to have good strategic management and governance, because cooperatives that have good strategic management and governance can survive and continue to exist in market competition in the era of society 5.0. So it is recommended for all cooperatives to have a master plan, strategic management, standard operating procedures, and good governance in accordance with the conditions of the internal and external environment of the cooperative.

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