

Cooperative Business Enterprise in Indonesia Based on Law Politics Perspective

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ABSTRACT

Cooperative Business entity is a place for economy teamwork which becomes society's hope in Indonesia. Cooperative is expected to be an alternative to achieve the wealth altogether among the existence of capitalism. This business entity is focusing on the power of the member, so the member has two positions; as the owner and the service consumer. The cooperative does not have a purpose to get profit, but in its process, it might not be loss. The profit is intended for the member.

The problem in Indonesia cooperative is the unclear concept which causes the unclear norm managed in a constitution Number 25 Year 1992 on cooperative. The principle in forming a good constitution is not complete. Thus, the reason why the cooperative business enterprise managed by constitution Number 25 Year 1992 about cooperative, it does not give the clarity about the concept of cooperative which based on the independent kinship principle. It will be analyzed by using the law politic theory.

Law politic is a policy coming from a state with the mediation state business enterprises which have an authority in determining the rules, and it will be used to express the related things with the society life to achieve the future. It is also an effort to establish good rules based on the situation and condition. Therefore, to know, analyze, and explain the factors of cooperative enterprise in Indonesia managed in constitution Number 25 Year 1992 on cooperative does not give the clarity about the concept of cooperative based on the independent kinship principle. It will be searched the constitution of cooperative which existed in Indonesia, from the Dutch era until the reformation era and after the supreme of constitution about material test of cooperative constitution.

Keywords: Kinship Principle, Independence, Law Politics.

A. Introduction

One of the serious problems faced by Indonesia in building the economy system is practicing the concept of the law and constitution in developing the policies in term of economy. As far, that problem is assumed as an unimportant thing, considering in the economy implementation since the independence of Indonesia has run in line with the logical stream of economy building development based on the empirical experience in the reality or the successful theories and stories in the exemplary countries. It is difficult to imagine that the constitution must be a substantive orientation in the formal policy in establishing the market economy system idealized as free and fair; not exclusive. Trade liberalization and economy global have been a deniable reality (Jimly Asshiddiqie, 2016).

Building economy needs a support from the institution and norm system, both rule of law and rule of ethics that effectively and efficiently manage and direct to the distribution of fair and smooth prosperity. Thus, economy system and economy development policy must be obedient to the highest law convention, Five Principles (*Pancasila*) and the constitution of Republic of Indonesia Year 1945 as the basis of the constitutional law and constitutional ethics which have to be a foundation for economy system and national economy development policy. Accordingly, the constitution of Republic of Indonesia Year 1945 is not the same as in the other countries such as The US constitution which manages the economy principles and economy norms in the chapter XIV on national economy and social prosperity. Therefore, the constitution of Republic of Indonesia Year 1945 is as the politic constitution and economy constitution also as social constitution (Jimly Asshiddiqie, 2016).

The constitution of republic of Indonesia year 1945 Article 33 section 1 mentions that: “The economy is arranged as the collaborative work based on the kinship principle”. There are four key terms in this first section: the economy, arranged, collaborative effort and kinship principle.¹ One of the business enterprises with economy phrase in Indonesia is cooperative enterprise, besides, the non-economy business enterprise like factory, firm, CV, etc. From this, the idea of Sri Edi Swasono gives the concept of Triple-Co as the form of togetherness. To be arranged means that it is not arranged by itself or by the global market mechanism or the consumer demand. Imperatively, the state arranges and designs (more than ‘to intervene’). The form of the clear arrangement, it is arranged as collaborative work (as mutual endeavor) based on the mutualism or the collaborative interest. In the collaborative work, the kinship and cooperative principle exist. The constitution of Republic of Indonesia Year 1945 article 33 rejects the global market (*laissez-faire*) which handles the liberalism and individualism (Sri Edi Swasono, 2010). Cooperative business enterprise as the one of the economy development in Indonesia clearly and distinctively stated in the constitution Year 1945 that:

In Article 33, it is mentioned that the foundation of economy, the production is done by all, for all under the guidance or control of the society members. The prosperity of the society is more important than the individual prosperity because the economy is arranged as the collaborative work based on the kinship principle. The company matched with the rule is the cooperative.

The explanation of the constitution Year 1945 is in line with what is mentioned by Mohammad Hatta that cooperative is a form of kinship principle, as follows:

The kinship principle is cooperative. A kinship principle is from *Taman Siswa* to show how the teacher and students live as the family. That is also the motive of Indonesia cooperative. The relationship among the members of cooperative should be like a family. The solidarity should be built and empowered. The member should be educated as a prestigious individual. To be aware of themselves as the member of cooperative is important and they should have a clear intention to defend the cooperative interests. Individuality is not the same as individualism. Individualism is an attitude which considers a person as the most important at the cost of other interests. Individuality is to make a person to be a member of cooperative as the protector for the cooperative.” (Mohammad Hatta, 2015).

From the idea of Mohammad Hatta, the success of cooperative can be built by two principles, those are, principlesolidarity and individuality. Those are different from liberalism and capitalism that consider interest of individuality as the most important by getting a great deal of profit. Thus, cooperative is not only as the concept of business enterprise but also it is a cooperative which supports the interest of individuality.

The concept of collective work is a basis of cooperative which shows that it is a people assembly. The main capital of the cooperative is human resource. However, the explanation of the collectiveness, solidarity and individuality has not been clearly stated in the constitution Number 25 Year 1992. It causes the unclear concept of cooperative in Indonesia as the business enterprise.

The condition causes a problem. Article 33 section 1 the constitution of Republic of Indonesia Year 1945 states that economy is arranged as the collaborative work based on the kinship principle is to establish the prosperity of society. Accordingly, it has not been formed because the cooperative as the proper one in Indonesia. The rules are unclear and cause many problems in the implementation day by day.

Juridical, Article 1 section 1 the main rule in the constitution Number 25 Year 1992 about cooperative mentions that “cooperative is a business enterprise which has either individual member or business enterprise having activities based on the cooperative principle and as the society economy movement based on the kinship principle. It has not been filled by the form rule for the good constitution. This is because the cooperative concept as the business enterprise based on the independent kinship principle has not filled the rule of clarity.

Empirically, cooperative as the business enterprise has not shown its existence as business enterprise as mentioned in the constitution Number 25 Year 1992 about cooperative. The cooperative does not have enough power. The goal of it is to get the assistance from the government both grant and social help (Revrison Baswir, 2010). The asset of cooperative is not more than 1% comparing to State-Owned Business enterprise (*BUMN*) which has 53,8% and conglomerate which has 45,4%. If it is seen from the value of work, conglomerate is in the first position 61,7%, the second one is State-Owned Business enterprise (*BUMN*) 34,3%, and the cooperative is 4% (Mochamad Adib Zain, 2014).

The inability of competing of cooperative make an inactive cooperative. From the data on December 31st, 2015 from Ministry of Cooperatives and Small and Medium Enterprises of Republic of Indonesia known that from the

total of cooperative in Indonesia is 212.135 units, the active cooperative are 150.223 units (70,81%) and inactive cooperatives are 61.192 units (29,19%). From the total of active cooperative, the ones which held annual meeting are 58,107 units (38,68%) and the ones which does not held the annual meeting are 92,116 (61,32%). (Data from Ministry of Cooperatives and Small and Medium Enterprises of Republic of Indonesia in 2015). In brief, this problem should be solved soon.

Those problems are related to the long journey of the management of the cooperative in Indonesia starting from Dutch era until reformation era. The belief leads to the two big beliefs in the world, namely, capitalism and socialism. Therefore, it needs a search and politic law analysis to find out the factors causing the unclear concept of cooperative in Indonesia.

B. Research Method

Type of research in this study is law research. It is mentioned as a law research since it does not need the term normative law research. The term legal research or in Dutch language *renhtsonderzoek* is always normative. It is the same as the term juridical-normative which is not common in the law research. If the type of research must be stated in writing, it is enough to state that it is a law research. However, it clearly mentioned that the research is called normative. The material should be shown before (Marzuki, Peter, 2014). The used approaches in this research are status, historical, comparative approach, and conceptual approach. The material for this research is primary and secondary material. The primary ones consist of the constitution, formal notes in arranging the constitution. The secondary ones consist of publication on law in term of non-formal documents such as textbooks, dictionaries and law journals (Marzuki, Peter, 2014).

C. Results and Discussions

The problem about cooperative in Indonesia is the unclear concept. This causes the unclear norm forming managed in the constitution Number 25 Year 1992 about cooperative. The clarity of principle in forming the good constitution is not well-filled. Thus, the main problem about cooperative in Indonesia managed in the constitution Number 25 Year 1992 on cooperative which does not give the clarification about the form of the cooperative concept based on the independent kinship principle. Then, it will be analyzed by using law politic theory.

Law politic is a policy from the state by the mediation of state business enterprises which have the authority in determining the desirable rules. It will be used to express things related to the society life in purpose to reach the future and it is also as an effort to create the rules based on the situation and condition. To know, analyze and elaborate the factors of cooperative business enterprise in Indonesia managed in the constitution Number 25 Year 1992 on cooperative, it does not give the clarification about the concept of cooperative which based on the former cooperative in Indonesia from the Dutch era until reformation era and after the constitution court about the examination of cooperative constitution material.

The first cooperative rule in Indonesia is *Verordening de Cooperatieve Verenigen Stb. 431* Year 1915, on April 7th 1915. The rule for the cooperative association in Netherlands-Indie is in line with the cooperative in Netherland, namely, *Regeling der Cooperatieve Verenigen Stb. 227* on November 27th, 1876. It is not only special for Europeans, Foreign East but also for native people. In Article 1 section 1 *Regeling der Cooperative Verenigen Stb. 227* in 1876 is the same as the rule of the first cooperative in Indonesia, namely, *Verordening op de Cooperative Stb. 431* in 1915.

The cooperative in *Verordening de Cooperatieve Verenigen Stb. 431* in 1915 has been lost its principle about the independence. The cooperative becomes an elite organization for certain people. Thus, the rule of first Indonesia cooperative cannot be followed by the Netherlands-Indie's society at that time because it does not give the benefits for all since it forces the freedom of the cooperative. The efforts to build the good rules at that time cannot be formed since some factors; 1) the determination about the submission is too complicated and expensive; 2) The strong intervention from Dutch Government to provide the formal book as the tight control from the Dutch Government; 3) the Dutch Government controlled the member, the staff and the cooperative controller.

The Dutch Government does the best to overcome the problems in managing the cooperative by concerning the publication of cooperative rule for Netherlands-Indie's society, that is, *Regeling Inlandsche Cooperatieve Verenigen Stb. 91* in 1927 (The rule about the association of Bumiputera Lembaran Negara cooperative in

1927 Number 91) (Andjar Pachta W, Myra Rosana Bachtiar, dan Nadia Maulisa Benemay, 2009). Unfortunately, this rule shows the unfair thing of the cooperative rules from the Dutch Government towards the growth of independent cooperative business enterprise. This is because there is capitalism inside the easiness in building the cooperative at that time in which the cooperative as the business enterprise is forced to compete with the business enterprise by using capital in liberal economic system in the Dutch Government whereas, economic sectors are still handled by the Dutch Government.

On May 28th, 1925, the rule about cooperative in Netherland, *Regeling der Cooperatieve Verenigen Stb. 227* in 1876, on November 17th, 1876 is as basis for the first rule about cooperative in Indonesia, *Verordening op de Cooperatieve Verenigen Stb. 431* in 1915 as changed into *Regeling der Cooperatieve Verenigen Stb. 204* in 1925. ¹ Therefore, to fit with the change, then, on March 1st, 1933, *Verordening op de Cooperatieve Verenigen Stb. 431* in 1915 in Netherlands-Indie's society, it is changed into *Algemene Regeling op de Cooperatieve Verenigen Stb. 108* in 1933. But, when it is under the authorization of Staatsblad 108 in 1933, the government still is not able to build a independent and advance cooperative. This is because the Dutch Government does not support the cooperative as *Ordonantie op Inlandshe Maatschappij op Aandeelen* (Stb Number 567 in 1939) as popular as the constitutio of IMA or contribution company (*Maskapai Andil*) which has an orientation to find out the profit for capital investment as the business enterprise competing in trading, agriculture, etc. This causes the cooperative business enterprise is failed by IMA because cooperative does not have the orientation to get profit. If the cooperative has a profit, it is for the member. The main consideration is the service for members.

The changing of authorization from Dutch to Japan era, the rule of cooperative is not much different. The policy of Japan in Indonesia is not well-managed; the cooperative tends to be left behind. This is because there is a tight control from the Japan Government.

Cooperative in Indonesia is managed in the constitution Number 25 Year 1992 about cooperative. It does not give the clarification about the concept of cooperative which has a independent kinship principle. It also can be seen from the history of the development of cooperative management in old era, at that time, there was an empty space from Dutch law product to Indonesia law product. This is in line with *Regeling Cooperatieve Verenigen (Staatsblad 179 in 1949)* in which there is no different thing from *Regeling Inlandsce Cooperative Verenigen Staatsblad 91* in 1927. This is mentioned in Article 1, as follows:

“The rule of cooperative association in Indonesia (Bumiputera) is mentioned on March 19th, 1927, it is determined as follows: the rule of cooperative association in 1949.”

The material inside *Regeling Cooperatieve Verenigen (Staatsblad 179 in 1949)* is the same as *Regeling Inlandsce Cooperative Verenigen Statsblad 91* in 1927. Actually, in the constitution of Republic of Indonesia, it is determined that economy is arranged as the collaborative work based on the kinship principle. But then, the mandate of constitution has not been formed in *Staatsblad 179* in 1949, because it is in the changing time. So, the kinship principle has not been written in the rule of cooperative, and unfortunately, the government shows a passive attitude.

In line with the dissolution of The United of Indonesia and state of division, the cooperative departments in the state of division is also scattered and it is united y the cooperative organization in Republic of Indonesia. All the things related to the cooperative is appropriate with the spirit and value of struggle, Five Principles (*Pancasila*) and the constitution Year 1945. It is as stated in Article 38 the temporary constitution 1950 which has the same content as in the Article 33 the constitution 1945 about the economy of Indonesia society. On October 27th, 1958 the government publishes the constitution Number 79 Year 1958 about the cooperative association (State Gazette Number 139 year 1958). This constitution is the first national cooperative constitution made based in the constitution Year 1945, especially Article 33 section 1.

This constitution is made in a hurry and has been arranged several times by the cooperative organization. At the end of 1958, this has not been showed to the parliament. Thus, this constitution does not give any contribution to manage the cooperative association. After a year of forming the constitution of *a quo*, then the Government rule is made Number 60 Year 1959 about the development of cooperative movement. The things are shown in the main idea inside the consideration which shows the government rule put the cooperative in the state intervention. The cooperative should fit with the government rule and the government should be active in guide the cooperative movement based on the principle.

Kinship principle is distorted by the politic and law system in 1960 until 1965. There is no movement in the cooperative. Although the government supports the quantity of cooperative but in term of quality the cooperative loses its characteristics. The pillars have been left. The Rochdale principle has not been used. The democratic from member is changed into the authority of government. Besides, politic party is fight for each other to handle the cooperative and make it as the direct slave for the public interest. The basic pillar of independence and self-confidence inside the cooperative were lost because the government interferes it too much.

The intervention of government towards the cooperative does not stop at that point. As the top of the politic in cooperative in old era in 1965, then, the constitution Number 14 Year 1965 about cooperative is made. This constitution clearly shows that the cooperative is under the government authorization. Although in the definition, *Pancasila* is noted as the basic of cooperative but the content is still across from the main, work, ideal principles. Its definition loses the nature of cooperative as the organization of economic society which is democratic and social. The same as kinship principle, although in Article 4, it is mentioned that cooperative has principle and the basis of mutual assistance, kinship, independence. This concept does not become a clear foundation in the norm of constitution because cooperative is made as the target for the politic party for the group interest, then the depoliticization of cooperative occurs. There is no commitment of constitution maker to create clear concept of kinship and independent principle in the constitution.

After communist party in Indonesia (*PKI*) was scattered, then the steps were done to return the position and the nature of cooperative to the real principle. The cooperative did the election to obtain the new leader through a member meeting. Rationalization and reorganization were done in the cooperative.

The effort to purify the principle of cooperative and depoliticization towards the life of cooperative is settled in the beginning of new era. The policy in old era which attracts the cooperative in the middle of politic conflict was stopped by new era. The cooperative brings back to its function in the constitution. The functions of it are:

1. To increase the prosperity of the society
2. To democratically national economy
3. One of the main thing for Indonesia economy
4. To guide the society to empower the position of economy for Indonesia and unite the economy of society

By the constitution of *a quo*, it is seen that the interference of government has been stopped and the cooperative becomes the economy movement. Soeharto, as the President of Indonesia at that time with the agreement of DPRGR has been validated the constitution Number 12 Year 1967 about the main of cooperative (State Gazette Number 23 and Additional State Gazette Number 2832 Year 1967), and it is valid on December 18th, 1967 with brief of time (not more than a year).

Based on the analysis on the Articles of the constitution Number 12 Year 1967, it is known that the role of government still dominates the management of Indonesia cooperative. It is as stated in Article 15 mentions as follows:

1. Appropriate with the needs and efficiency, cooperative can focus on the higher level
2. Cooperative in low until high level in the focus relation as mentioned in section (1).
3. This article is as unity that cannot be separated.
4. Higher level of cooperative must run the guidance and examine towards the low level of cooperative.
5. The relation between the levels of the same cooperative is managed in the basic consideration of each cooperative.
6. Minister manages further about the implementation of section (1).

The rule in Article 17 mentions that:

1. Group of cooperative is based on the needs from, and, for efficiency of the group in homogeneous society because its same interest to reach the goal of members.
2. To reach the efficiency and regularity, in each region, there is one cooperative only.
3. In the statement of section (2), if this is not done, the minister can give other decision.

In above management, the intervention from government is so strong although the government indirectly interferes in the management of cooperative. The design of cooperative is managed in the rule of Article 15 which is top-down. There is higher and low level of cooperative. The centralization occurs in the cooperative. Primary cooperative is focusing on the central cooperative, central cooperative is under the cluster cooperative and cluster cooperative is under the main cooperative.¹ the relation occurred is not coming from the bottom as the element to form the higher cooperative which has an authority to examine and control. Otherwise, the higher cooperative guides and examines the low-level cooperative. In the centralization of cooperative, the governments through main cooperative can interfere to all the cooperative which is under the high-level cooperative.

It is clearly stated that the management of Article 17 which manages the type of cooperative. Cooperative is grouped based on the homogeneity of society and their activities towards the economy interest of member. It means that cooperative is built and has members with the same profession. Based on the constitution of *a quo*, the cooperative for civil servant and army are created. Those cooperatives which are under the state institution will be easily interfered and commanded by the government because they should obey the policy.

By considering the development of the situation as stated above, the government in new era considers to manage the rule about cooperative in the constitution as the replacement of it Number 12 Year 1967 about the main cooperative, so in 1992, it is formed the constitution Number 25 Year 1992 about cooperative.

The constitution Number 25 year 1992 about cooperative defines cooperative as the business enterprise which has members both individual and business enterprise as the economy movement of society based on the kinship principle. The concept of cooperative is basically changing by dominating cooperative as the business enterprise. The focusing is to be company. It means that cooperative does the economy activities. The cooperative is allowed to get the profit.

It is seen from all Articles in this constitution, the management of cooperative is only in the institution. It defines in Article 6 until 56. While the consideration of forming the constitution only to build it as strong and independent institution so it can be a pillar of national economy and it can accommodate and fit with the aspect of management towards the society needs.

The formula of Article in constitution, the cooperative is based on the kinship and independent principle. It is only seen in Article 5, that is, the management is done democratically, independently and dedicatedly. The principle of management is done democratically. It is seen in Article 12, mentioned that: "the changing of the basic consideration is done in member meeting", next, Article 20 which manages the duty and right of members. Article 22 about member meeting, Article 46 about cooperative dismissal. The independence principle is only seen in Article 41 about capital and Article 43 about the work vacancy. Then, the education of cooperative principle, there is no material in this constitution which manages about the education of cooperative. In the basic consideration of cooperative in Article 8 does not mention the education of cooperative as the material.

In constitution Number 25 Year 1992 about cooperative. The management forces more and limits the movement of cooperative. It is the management about the institution of cooperative movement. In Article 57 Section 1 mentioned that: "cooperative builds one organization which has a function to defend the right and as the aspirator for cooperative. In this management. It manages all the cooperative that will join in one place as an organization.

If there is a cooperative which does not agree with the policy of organization, the cooperative cannot do anything because the organization is as one valid place. As a valid place, the organization is easily to be included in the politic from the internal factors. This organization has a duty as mentioned in Article 58 section 1: Organization does the activities: a. defend and give the aspiration; b. increase the awareness of cooperative; c. does the education of cooperative for members and society; d. Develop work between cooperative and members both national and international.

The management of Article 58 section 1 the constitution Number 25 Year 1992 is across from the independence principle of cooperative. After establishing the organization, the idea is got from each cooperative. Cooperative does not have right to give the aspiration. This is proved by the politicizing of cooperative done by the arbiter party in the new era.

In line with the decision of society council of Indonesia Number XVI/MPR/1998 about economy politic in economy democratic, then the constitution Number 25 year 1992 is assumed as not proper with the law needs and development of cooperative. So, the government of President Susilo Bambang Yudhoyono forms the constitution Number 17 Year 2012 about cooperative as the cooperative policy which give the value and

principle of cooperative as the place of organization to fill the aspiration of economy needs of members so it can be stronger, independent, healthy in facing the national and global economy development.

The constitution Number 17 Year 2012 about cooperative has the characteristics as individualism which believed by capitalism. It is across from the characteristics of cooperative which focuses on collectiveness and individuality. Thus, the constitution court defines that the constitution is across from Article 33 the constitution of republic of Indonesia Year 1945, by the considerations as follows:

First, the concept of cooperative is managed in Article 1 the constitution Number 27 year 2012 about “ cooperative is a business enterprise built by people or business enterprise, by separating the wealthy of its members as the capital to run the business, fills the aspiration and needs in economy, social and culture as appropriate as the value and principle of cooperative.”¹ court gives the responses that the formula of cooperative is as a business enterprise which does not have the substantive definition about cooperative as stated in Article 33 section 1 the constitution of republic of Indonesia Year 1945 and the explanation which leads to the definition as the unique company.

Second, the election of the non-member leader. There is the management that closes the right of member to give the opinion, select, and be selected also kinship value, responsible, democratic and the similarity that being the basic of cooperative.¹ Cooperative is an organization built and developed based on the interest of member by considering democratic principle, and has a goal to unite the same economy interest that can be increase the prosperity. If the staff is non-member and the decision maker is from the outsider, it is called as divergence in basic principle of cooperative. Cooperative is expected to grow better and the member has professional capacity in managing the cooperative. To make the cooperative as the developing organization, it should be built from the member so that they can be professional individual. So, there is no need to recruit the new member.

Third, the capital of cooperative. The constitution Number 17 Year 2012 about cooperative. one of the thing managed in capital of cooperative is main deposit and cooperative capital certificate as the starting capital. Besides, there is also from the grant, capital and loan from the member, etc. Main deposit is paid by the member in the time when the intended person applies the form as the member and cannot be returned, cannot be corrected.

Fourth, the prohibition of surplus division of work result comes from transaction by non-member. There is unfair thing between right and obligation. It is when the cooperative is surplus of work result; the members do not have right as the profit. But when the cooperative is deficit of work result, both caused by the transaction with the member or non-member, the member must pay the capital certificate of cooperative as the additional capital. In this case, cooperative is placed itself as the separated entity from the member. As the goal of the cooperative, it is to give the prosperity for the member, so all the things in the cooperative should be used to increase the prosperity of the member.

Fifth, it is about the types of cooperatives. Law No. 17 of 2012 concerning Cooperatives, Article 82 basically commands every cooperative in the Articles of Association (AD) that determines the type of cooperative, based on similarity of business activities and/ or economic interests of members. Article 83 and Article 84 essentially decides in formulating activities that classified cooperative type into four that are: (i) consumer cooperative; (ii) producer cooperative; (iii) service cooperative; and (iv) the credit union cooperative. The provisions in those three chapters, according to the Court, those implies restriction on the types of business activities that can be done by the cooperative. With such restrictions the following definition normatively is that (i) there are only four specified types of business activities of cooperative; and (ii) cooperative may only select one of four types of business activities that have been determined.

The concept of cooperative in Indonesia as a business entity based on independent kinship in Law number 17 of 2012 is more unclear and incomplete as stated in Article 33 of the Constitution of 1945, the cooperative is brought to soul of capitalist by prioritizing the element of individualism instead of individuality so that Law No. 17 of 2012 that is contrary to the Constitution of 1945, and Constitutional Court declared that this Law is legally binding and not restricted and it needs to establish new Cooperative Law, and while waiting the establishment of a new Law, the Law number 25 of 1992 is implemented for a while.

D. Conclusion

Causal factors of Cooperative Enterprises in Indonesia that are regulated by Law No. 25 of 1992 concerning Cooperatives that do not provide clarity on the embodiment of cooperative concept based on independent kinship are:

Historical factor of development of cooperative arrangements which is from beginning did not have a whole concept. Cooperative at Dutch and Japanese colonization has a purpose which is not to improve the welfare of the people but rather the interests of maintaining the existence of the Dutch and the Japanese invaders, so that the embodiment of the cooperative which is an independent collective organization cannot be executed because of the very tight regulation by the Government of the Netherlands and Japan.

Political interest factor, so that the cooperative arrangement is full of interests to maintain power. Cooperatives were targeted by Parties for the interests of his party, then there is depoliticization of cooperatives, cooperative is formed by not the initiative but by the State.

Factor of implementation of repressive legal system, all are governed and oppressed by policies of government. Law and regulation that rules cooperative in order to maintain power, by controlling the cooperative with the rules of cooperative, so that cooperative does not have rights to fight for economic and social aspirations.

Economic globalization factor also affect the indistinctness of concept of cooperative that is based on independent kinship, change the view of the Government on arrangement of cooperative to be more directed to the soul of the capitalist, member is regulated to be a spectator, not a player who only waits for the profits in the end of the year.

Factor of policy of assistance distribution either in the form of social assistance or grant to community groups such as fishermen, farmers and plantation and business groups of other societies which require that the association has legal entity of cooperative affect the establishment of cooperative that is only for the pursuit of government assistance and eliminates the identity of actual cooperative.

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