

The Role of Cooperatives in Economic Growth in Makassar City During the Covid-19 Pandemic

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Abstract:- The role of cooperatives in Makassar City is one of the media in empowering small and medium enterprises. The efforts made by the Department of Cooperatives and Small and Medium Enterprises of Makassar City can encourage the realization of cooperatives as a force for economic growth and are able to improve the welfare of each member of the cooperative. During the Covid-19 Pandemic, the role of cooperatives in economic growth in Makassar City has not yet been maximized. Currently, the economic growth of Makassar City during the pandemic period has only moved in the range of 2.5 percent and is quite far from the ratio before the pandemic which was around 9 percent. Cooperatives should be able to contribute to a significant economic increase, because the number of cooperatives in Makassar is 1,529 units divided into 7 groups, namely Civil Servant Cooperatives, Employee Cooperatives, Savings and Loans Cooperatives, Multi-Purpose Cooperatives, Primkop, Primkopol, and Other Cooperatives.

Keywords:- Role of Cooperatives, Economic Growth, Makassar City, Covid-19.

I. INTRODUCTION

Makassar City is a metropolitan city and has a drastic economic growth rate that has reached 8.23 percent above the economic growth of South Sulawesi Province which only reached 7.07 percent. The increased economic growth of Makassar City is due to the Government implementing the role of community empowerment and development strategies through the Regional Budget for each year. This economic growth certainly does not come just like that, but it is driven by various sectors in Makassar City, particularly cooperatives (Irawati, 2017).

Increasing the local economy in terms of making the most of the local potential in Makassar City. The 1945 Constitution states that people's economic activities must be the basis for the economy for all Indonesian people giving the idea that cooperatives are the only business that is most suitable to the economic needs of the community. Community economic growth priority program aimed at developing and exploiting local potentials directed at increasing the role and function of community business activities as an effort to expand employment opportunities and community business opportunities. the presence of cooperatives is involved in realizing priority programs for community economic growth in Makassar City (Nuralim, 2018).

As a business entity that promotes the principle of kinship, cooperatives are one of the contributors to the Gross Income Level, both on a national, provincial, and regional scale. The growth and development of cooperatives in Makassar City has experienced ups and downs (Profile of Cooperatives in Makassar, 2019). Accumulatively, the number of cooperatives in Makassar City is 1,529 based on data from the Makassar City Small and Medium Enterprises Cooperative Office for 2019. This number is a very fantastic number as an institution capable of supporting economic growth for Makassar City.

A total of 720 classified cooperative units have been inactive in the last few years (Department of Cooperatives and Small and Medium Enterprises Makassar, 2019). The inactivity of the cooperative is caused by capital and governance management as the root of the problem. Meanwhile, there are 809 cooperatives that still have active status while serving the needs of their members and playing a role in running and developing each unit they manage.

II. METHOD

This research method uses qualitative research methods to understand social phenomena or symptoms by focusing more on a complete picture of the phenomenon being studied rather than breaking it down into interrelated variables. It is hoped that this method will find the hidden meaning behind the object and subject under study.

This research was conducted in Makassar City, which consists of Biringkanaya, Tamalanrea, Panakkukang, and Manggala Districts. Seeing the homogeneity of the Small and Medium Enterprises actors in Makassar City, from the 15 existing Districts, four Districts were randomly selected for a survey.

III. RESULT AND DISCUSSION

A. Result

1. Respondents' business groups and types

Twenty-five respondents who were surveyed, after being classified based on assets owned and type of business, consisted of 10 small businesses and 15 types of micro-businesses. From these respondents, data shows that the type of trading business is the type of business that is mostly carried out by Small and Medium Enterprises who are managers and members of cooperatives, both by small business groups and by micro-business groups (33.8 percent). Service businesses (18.5 percent), food and

handicraft businesses (23 percent), and the following types of businesses that are mostly undertaken are service businesses such as savings and loans, mixed goods sales, rental services and others, and joint ventures between trading businesses and other types of businesses.

2. The tradition of management in cooperative governance aspects

In general, almost all cooperative administrators, in this case, the chairman, always give encouragement to all members to be able to make the best contribution to the development of the cooperative. The cooperative management in this case as the respondent gave an answer that the existence of the existing cooperative was due to an increase in sales based on the basic needs of all its members.

As many as 25 respondents who manage the cooperative were surveyed, as many as 80 percent run the cooperative so that it can exist so far from the venture capital of each cooperative that comes from cooperative members. Meanwhile, 20 percent of cooperatives have received business capital assistance from the government which has been allocated to cooperative managers.

Of the 25 respondents or 100 percent who became the management and members of the cooperative, this figure is 42 percent who have a business located close to the existence of the cooperative. Furthermore, from those who became members or who became members of cooperatives, of the total accumulation, 58 percent who had never received capital assistance came from cooperatives.

3. Number of cooperatives in Makassar City

Based on data from the Office of the Makassar City Small and Medium Enterprises Cooperative Office in 2019, the number of active and inactive cooperatives was 1,529. as many as 720 cooperative units are currently declared active, while 809 cooperative units are declared inactive. The following is a table of the number of cooperative units in Makassar City:

Information	Total	Percentage (%)
Active cooperative	720	47,09
Inactive cooperatives	809	52.91
Number of Cooperatives	1,529	100

Table 1:- Recapitulation of number of cooperatives in Makassar City

Source: Data from the Makassar City Small and Medium Enterprises Cooperative Office, processed (2020).

Meanwhile, based on the Ministry of Cooperatives and Small and Micro Enterprises of the Republic of Indonesia, as many as 902 cooperative units are registered in Makassar City. The total accumulated number of cooperatives all have legal entity numbers. As many as 58 cooperative units that have been certified and as many as 844 cooperative units have not been certified. The following table recapitulates certified and uncertified cooperative units.

Information	Total	Percentage (%)
Already Certified	58	6.44
Not Certified	844	93.56
Number of Cooperatives	902	100

Table 2:- Recapitulation of Certified and Uncertified Cooperatives

Source: Data from the Ministry of Cooperatives and Small and Medium Enterprises of the Republic of Indonesia, processed (2020).

Based on the data on the number of cooperative units mentioned above, the number of units that have had certificates based on the cluster/focus of business fields based on the numbering of their legal entity numbers is 58 cooperative units or as much as 6.44%. Meanwhile, 844 or 93.56% of cooperative units do not have a certificate in the field of business focus based on the registration of a Business Entity Number.

4. Assistance to obtain additional capital for cooperative institutions

In general, the cooperative groups in Makassar are Civil Servant Cooperatives, Employee Cooperatives, Savings and Loans Cooperatives, Multi-Business Cooperatives, Primkop, Primkopol, and Other Group Cooperatives. Citizens of Makassar City who are currently included in Small and Medium Enterprises have not used cooperatives in an effort to obtain loans to increase their business capital. This can be seen from the results of research conducted on 25 cooperative managers. Almost all cooperative members who borrow capital from the cooperative are not in business development. Furthermore, the cooperative that has been the respondent so far, only 2 cooperatives have ever received venture capital assistance funds from their members. The rest is the collection of funds from institutions or agencies that are integrated with the cooperative unit.

B. Discussion

1. Cooperatives have not become strategic partners for small and medium enterprises

Until now, there are still many Small and Medium Enterprises in Makassar City who still use cooperatives as business partners as a source of additional capital. These reasons include:

- 1) There is still a small number of savings and loan cooperatives that accommodate Small and Medium Enterprises and Baitul Maal wa-Tamwil (BMT) groups so that their access is very low;
- 2) Most Small and Medium Enterprises entrepreneurs have not registered as cooperative members because there is an obligation to pay principal savings and mandatory monthly savings which are considered as expenses;
- 3) In general, they do not want to form cooperatives because they do not trust the cooperative managers;
- 4) Their ignorance of the benefits of cooperating which can help their business activities;
- 5) The current number of cooperatives that are not optimal and fail to provide space for trust due to mismanagement, causing the trust of some Small and Medium Enterprises actors to cooperatives is lost;

- 6) There are still a few cooperatives that are able to make their members prosperous, so as to attract them to join; and
- 7) The absence of security guarantees of their savings in cooperatives, affecting their interest in becoming members of cooperatives because loan interest from cooperatives is sometimes higher than credit interest on banking institutions.

The results of this study reinforce the initial assumption that the role of cooperatives in empowering Small and Medium Enterprises, especially those related to capital, is still categorized as very low, because of the 10 cooperative managers who have been used as research sampling states that currently managed cooperatives have never received capital assistance from Makassar City Government.

In addition, the limited number of cooperatives that accommodate similar small and micro enterprises has resulted in very few Small and Medium Enterprises actors in Makassar City joining the cooperative organization. So that based on research data, the authors conclude that cooperatives are not yet an option for Small and Medium Enterprises actors in obtaining funding sources to develop their businesses.

2. The number of savings and loan cooperatives is still limited

Based on the data obtained, of the 1, 529 cooperative units registered with the Makassar City Cooperative Office in 2020, only 720 cooperative units are still declared active. Of the number of cooperatives that are still active, most of them are dominated by cooperative employees of companies or cooperatives in government institutions or schools and universities. Meanwhile, the types of savings and loan cooperatives, including Baitul Maal wa-Tamwil (BMT), only have 37 units or only 2.42 percent. When compared with the number of Small and Medium Enterprises and street vendors in the Makassar City area, the number is around 300 units.

The ratio between cooperatives and the number of Small and Medium Enterprises is only around 12.33 percent, this percentage is classified as very small. This percentage figure does not include market traders as micro-businesses, which number around 61,339 units. Therefore, it is very natural that very few Small and Medium Enterprises receive financing from cooperatives. In other words, it can be said that cooperative institutions have not played a major role in developing Small and Medium Enterprises as a driving force for the small and micro sector economy based on the economic growth of Makassar City residents.

Seeing the reality of research data which shows that the number of cooperatives that accommodate Small and Medium Enterprises is still very small in number. So it is very necessary to have the efforts of the city government through the Office of Cooperatives and Small and Medium Enterprises to provide solutions for economic actors in the small and micro sectors. In addition, the situation for the Global Covid-19 Pandemic also has implications for the rate of economic movement which has slowed considerably in the

last 5 months. The Covid-19 Pandemic situation has also resulted in a weak activity in the economic movement of buying and selling.

3. The existence of the Sacrifice Financing Institution

The convenience factor provided by banking institutions and moneylenders is an attraction for some small and medium enterprises to obtain loans from these institutions. In general, small business actors in Makassar City have not fully used cooperative institutions as institutions to be able to borrow capital for business improvements. Even so, not a few of them whose business activities are flexible enough to be financed, however, do not yet have some business legality requirements.

The situation is even worse for micro-business actors. In general, they are not only not bankable but also many of them who are not feasible to obtain credit from financial institutions. This has prompted some of them to take advantage of loans from moneylenders or from mobile banks that offer relatively high-interest rates. The presence of formal financial institutions in Makassar City that reaches almost all levels of citizen groups is sure to have a positive impact in the form of changing people's views on non-formal financial institutions, which initially became the foundation for obtaining loans quickly.

Although cooperatives have played a role in spurring and encouraging increased economic growth in Makassar City by means of lending capital to members who already have businesses, banking institutions are still the favorite choice of Makassar City residents who increase their business activities. This illustrates that the citizens of Makassar have not fully made cooperative institutions a means that can be used as the main choice in developing small and micro-scale businesses.

IV. CONCLUSION

Until now, there are still many Small and Medium Enterprises in Makassar City who still use cooperatives as business partners as a source of additional capital. Most of it is dominated by cooperative employees of companies or cooperatives in government institutions or schools and universities. In general, small business actors in Makassar City have not fully used cooperative institutions as institutions to be able to borrow capital for business improvements.

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