

## **Efforts to Develop Independence of Cooperation In The Middle Of Global Competition in Lumajang District**

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**Abstract:** *Cooperative is a form of joint effort that is undoubtedly the most appropriate container for the development of the people's economy. The people's economy, which generally relies on small and medium businesses as its base, is difficult to expect to come out as a winner in such a free and competitive global competition, unless cooperatives are encouraged to have high creativity, innovation and productivity through independent development that is carried out independently. gradual, continuous and integrated. This paper seeks to raise the issue of the factors that have become obstacles in developing cooperatives in Lumajang Regency, as well as what efforts will be made so that cooperatives in Lumajang Regency can compete in global competition. The method of approach in this research is sociological juridical which is studied based on legal sociology. The results of a juridical and sociological study so that cooperatives can compete are that cooperative members must always compete in improving cooperative services through education and training, improving and strengthening the ability of cooperatives to become healthy, resilient and independent cooperatives.*

**Keywords:** *cooperative, independence development, global competition*

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### **I. Introduction**

The specific development target in the economic field is the creation of an independent and reliable economy as a joint effort on the principle of kinship, based on economic democracy based on the Pancasila and the 1945 Constitution, with an increase in people's prosperity that is increasingly equitable, fairly high growth, and steady national stability, characterized by strong and advanced industries, resilient agriculture, healthy and strong cooperatives, and advanced trade with a stable distribution system, driven by strong business partnerships between cooperative, state and private business entities, and the optimal utilization of natural resources all of which are supported by qualified, advanced, productive and professional human resources, a healthy business climate, as well as the use of science and technology and the preservation of environmental functions (Kamaludin, 1998). The existence of small businesses is protected by law in business activities in the country, namely by the existence of Law No. 9 of 1995 concerning Small Business. Article 1 point 1 of Law No. 9 of 1995 states that small businesses are small-scale people's economic activities, and meet the criteria of net wealth or the results of annual sales and ownership as stipulated in the Law of Small-scale Economic Activities are economic activities owned and supporting most of the people from the results of business by entrepreneurs small. The definition of business here includes informal and traditional small businesses.

Cooperatives including small businesses which are small-scale people's economic activities that have criteria or characteristics following Article 5 paragraph (1) of Law no. 9 of 1995 namely:

- a) has a net asset or total assets of up to Rp 200 million,
- b) has annual net sales of at most Rp 1 billion,
- c) belonging to Indonesian Citizens,
- d) stands alone means that it is not a subsidiary or branch company owned, controlled, or directly or indirectly affiliated with medium-sized business, or a large business,
- e) in the form of an individual business, a non-legal business entity or a legal business entity including a cooperative (Sulistia, 2008).

If viewed from the above protection it can be stated that the role of small entrepreneurs is very large in increasing the economic activities of the community, especially in developing countries. These roles include the provision of goods and services, employment and income distribution, the added value of regional products, and the improvement of the people's standard of living. However, this is different from what was stated by Susidarto (2009) entitled "Parties (Cooperatives) stating that the Cooperative Movement in Indonesia is still running limply, almost no visible progress is achieved. Even often heard a series of the negative stigma, such as cooperative invented, unprofessional cooperatives, cooperatives that have been forced to close because there are no activities, amateurs, and incompetent business. When associated with the global competition today, the

general public and business people in particular are increasingly required to know and understand many matters relating to rights and obligations. In carrying out business activities, actors make use of all micro or macro-environmental factors into business opportunities. Besides that, with their ability and strength, they also try to face various challenges and obstacles (Nitisusastro, 2010).

Therefore, the development of social and economic activities of the people needs to be prioritized among the poor, including improving the quality of human resources and capital, which is fully supported by integrated training activities since capital accumulation activities, mastery of production techniques, marketing results and managing business surpluses. The most appropriate approach in the development of the people's economy is through a group approach in the form of joint ventures. The development of community socio-economic activities is carried out in stages, continuously, and integrated based on independence, which increases the ability of the poor to help themselves (Sumodiningrat, 1997). This can be achieved through a competitive advantage that is based on highly skilled human resources and adequate technology entrepreneurs. Not the abundant natural content and cheap labor that is not capable. Regarding Lumajang Economy, it is already full of natural and labor potential. What needs to be done is how to raise and improve the human resources of economic actors so that they can be more skilled in managing the potential of surrounding resources and be able to access technological developments for progress and prosperity. Based on the background above, it can be formulated several problems taken in this study include:

- 1) What factors are obstacles in developing cooperative independence in Lumajang Regency?
- 2) How are the efforts made by cooperative managers in developing the independence of their institutions during global competition?

## **II. Literature Review**

### **The Meaning of Cooperative**

Cooperative means to work together. Cooperation is intended to achieve a goal that was originally difficult to achieve by individuals but will be easily achieved if there is a cooperation between several people. In other words, what is meant by cooperatives is a collaboration between people who do not have the capital to achieve a common prosperity goal, not for profit, because the forum for achieving profits already exists, namely Firms, CVs and PT. Cooperative is an association established by people who have limited economic capacity, which aims to improve the welfare of members and communities around cooperatives (Qomariah, 2014). Law No. 25 of 1992 concerning Cooperatives was once replaced by Law No. 17 of 2012 concerning Cooperatives but has been canceled by the Constitutional Court (MK). The Cooperative Act was canceled because it had a spirit of transparency. The Constitutional Court ruled that it contradicted the 1945 Constitution and did not bind the entire contents of Law No. 17 of 2012 concerning Cooperatives (Cooperative Law). This was conveyed by Chairman of the Plenary Hamdan Zoelva who was accompanied by other constitutional judges, in the hearing of the verdict of the judicial review of the Law on Cooperatives-Case No. 28 / PUU-XI / 2013, Wednesday (5/28) morning. Law Number 17 the Year 2012 concerning cooperatives is very contrary to Law Number 25 the Year 1992 which adheres to the principles of family and togetherness. Whereas in the new law, cooperatives are directed to become business institutions such as universities which tend to be capitalists and are very confident that all people in the cooperative movement are happy to welcome the cancellation of Law Number 17 of 2012. The law was canceled because it violates the identity of cooperatives and will lead to the wrong understanding of cooperatives. The cooperative as a group of people and the understanding of cooperatives according to Law No.17 of 2012 is translated in terms of understanding as a capital-based association (capital base association) which means it is no different from the model of capitalistic private companies. So it is clear, the law violates the identity of cooperatives and philosophically, it certainly deviates from the basic reason for the existence of cooperatives and epistemologically flawed, even ontologically it will potentially shift the form of cooperatives into corporations. The above understanding is in accordance with that explained in Law No. 25 of 1992 concerning Cooperatives, Chapter I General Provisions Article 1, what is meant by cooperatives is "business entities consisting of individuals or cooperative legal entities by basing their activities based on cooperative principles, as well as the people's economic movement based on the principle of kinship".

### **Functions, Principles, and Forms of Cooperatives**

According to Article 4 of Law No. 25 of 1992 concerning Cooperatives, functions, and roles of cooperatives are:

- a. build and develop the potential and economic capacity of members in particular and the community in general to improve their economic and social welfare;
- b. actively participate in efforts to enhance the quality of human and community life;
- c. obtain the people's economy as the basis for the strength and resilience of the national economy with cooperatives as its pillars;
- d. trying to realize and develop the national economy which is a joint effort based on the principle of family and economic democracy (Kansil, 2001)

Tells about the benefits of cooperatives, people often compare the profits derived from bank deposit interest with dividends obtained from SHU (Remaining Operating Results) cooperatives. So that cooperative are considered less profitable for members. Likewise, when compared between cooperative loan interest with bank loan interest. Cooperatives are generally higher. Even so, the cooperative's credit interest is much lower than the interest of creditors (loan sharks) who do seduction from house to house. But the real benefits of cooperatives are not profits in the form of money (the number of dividends, low credit interest, and high savings/savings interest), but the biggest benefit that must be harvested by cooperative members is the "cooperative services" provided. Various types of businesses and forms of services from cooperatives:

a. Savings and loan cooperatives can provide short or long term loans in a short period of time without collateral and convoluted procedures.

b. Through consumption cooperatives, cooperative members can come together to face the prices of retail goods that are strangling their necks and even provide mutual benefits. Through consumption cooperatives, many members' needs can be purchased with a mild credit. Unity and togetherness in cooperatives do have extraordinary power, can kill supermarkets and large shops because cooperatives are already widespread.

c. In industrial cooperatives, a togetherness of members of marketing cooperatives produced by members can be fought for to obtain a good price, through cooperatives that can be held a variety of skills education and business knowledge. Even though cooperatives can be mobilized cooperatively to improve members' homes in a social gathering, cooperatives can be obtained credit to build a joint business (rice milling, warehousing, joint agricultural businesses, processing centers, pioneering industries into the village and much more).

Besides being able to provide loans for industrial needs, small industrial cooperatives can also provide services in the supply of raw materials, the use of sophisticated equipment, which is centered on cooperatives (computers, drilling machines, quality testing equipment, plating machines, design drawings, etc.) others), the supply of spare parts, and especially joint marketing in order to obtain a good selling price. The function of education and training of various skills and knowledge for members is also fully the responsibility of the cooperative. Thus, through cooperatives, the progress of small businesses continues to be improved and modernized, because cooperatives are aware that business progress is highly dependent on the progress and loyalty of their members. To increase the income and welfare of cooperative members, the savings and loan business activities need to be grown and developed. To improve services to members, Savings and Loans Cooperatives and Savings and Loans Units can open a savings and loan service network (PP RI No. 9 of 1995 Concerning the Implementation of Savings and Loan Business Activities by Cooperatives, Article 6 paragraph (1). According to the Law, the form of cooperatives there are 2 (two) types, namely primary cooperatives, and secondary cooperatives, what is meant by primary cooperatives are cooperatives established by and consisting of individuals, whereas those meant by secondary cooperatives are cooperatives established by and composed of cooperatives (Soebroto, 1993 and Burton, 1996, in Hartini, 2007).

### **Cooperative Organization Membership and Tools**

Which can become a member of a cooperative is every Indonesian citizen who is able to take legal actions or cooperatives that meet the requirements as stipulated in the articles of association of the cooperative concerned. In addition to regular membership, cooperatives also have extraordinary members whose membership requirements, rights, and obligations are specified in the articles of association. This means that cooperatives provide opportunities for residents who are not Indonesian citizens, as long as they meet the provisions of the applicable laws and regulations. Thus, the development of cooperative independence can be said to be good if all managers or management of cooperatives carry out their functions in accordance with their respective authorities and responsibilities as mentioned above, accompanied by support from the parties, including the government, banks, and entrepreneurs who can be used as cooperative partners.

### **Capital, SHU, and Dissolution of the Cooperative**

According to article 41, cooperative capital consists of 2 (two) types, namely own capital and loan capital. What is meant by own capital is capital that bears risk or is called equity capital. This capital comes from principal savings, mandatory savings, reserve funds, and grants. While loan capital can come from: members, other cooperatives and/or members; banks and other financial institutions; issuance of bonds and other debt securities; and other legal sources. In addition to the capital referred to above, cooperatives can also fertilize capital from investment capital, both from the government and the community, mainly in the form of investment. This investment capital certainly bears the risk of cooperatives. Owners of investment capital certainly do not have voting rights in meeting members and in determining the overall policy of the cooperative. However, the owner of investment capital can be included in the management and supervision of investment businesses supported by the statement capital in accordance with the agreement.

Dissolution carried out for reasons such as items a and b can be proven after a district court decision. While dissolution due to reasons of survival can no longer be expected, partly because it was declared bankrupt. For the benefit of creditors and members of the cooperative, of course, the dissolution of the cooperative will be

carried out by the completion of the dissolution, hereinafter referred to as a settlement. For settlements based on the decision of the member meeting, the settlement is appointed by the member meeting. As for the settlement based on the government's decision, the settlement is appointed by the government. During the settlement process, usually the cooperative still exists as "cooperative in progress". In the event of a dissolution of the cooperative, of course, members of the cooperative only bear losses to the extent of the principal savings, mandatory savings, and investment capital they have. Whereas the cooperative loan capital from members is not included. With the completion of the settlement process, the government will announce the dissolution of the cooperative in the RI State Gazette. Finally, the legal entity status of the cooperative was erased from the date of the announcement of the dissolution of the cooperative in the RI State Gazette.

### **Cooperative Development**

Building a cooperative with a priority in the field of cooperative services requires the support of cooperative awareness. However, the awareness of cooperatives can only be developed in the cooperative service sector is true of sufficient weight and reaches out to its members. The more often members ask for / obtain cooperative services, the wider the possibility of management to foster a practical and theoretical cooperative awareness. Therefore, the steps to develop cooperatives are to strengthen awareness, skills, and devotion among the management and cadres of cooperatives so that they can produce various cooperative service works that are really needed by members. Cooperative services do indeed mean service relationships and mutual cooperation that is mutually beneficial and direct with their members. Benchmarks for cooperative success, namely those concerning cooperative services, do not necessarily mean that the more services provided are considered more successful. Cooperative services provided must be reasonable and rational according to the type of cooperative. Of course, the services provided must benefit the average member and cooperative itself. In savings and loan cooperatives, the main service that must be done is to provide loans as large as possible to its members and make sure that the borrowed capital is returned on time complete with interest. The volume of savings and loan cooperative businesses can be large, as can the number of voluntary savings. However, if those who get loans are all that, while others have to wait and are forced to cancel their loans, the services of the cooperative must be considered poor. Based on clear benchmarks, cooperative development will be clear of what will be done.

### **Globalization in Business Perspective**

Globalization is a cultural process, where there are tendencies of regions in the world to become one in the socio-political-economic format. In the process, it is as if there are no more regions anywhere in the world that can avoid the global process (Nugroho, 2001). Brown's (1992) and Renesch's (1995) opinion: Globalization is as interconnections between overlapping interests of business and society (globalization is the interconnectedness between overlapping business interests and community interests). According to Sera (1992) and Ohmae (1995) states: As a popular view of globalization is as the absence of borders and barriers to trade between nations (a popular view of globalization is the absence of boundaries and barriers to trade between nations) (Suherman, 2005).

Based on the definitions above, the global economy really covers a wide range of issues and complexity and covers various aspects. The terminology of globalization can be recognized by two aspects, namely the globalization of production and the globalization of marketing.

1. Globalization of production is the ability to place parts of the production process flow from the action of component assembly parts (sub-assembly) to the final product assembly (final assembly) to the most profitable locations throughout the world, while still being able to control the entire production process as if the production centers are in one place. Thus, the logistics channels of raw materials, components, sub-assemblies, and final products increasingly cross national borders.

2. Marketing globalization includes not only the ability to make standard products for the world market (such as Epson printers, Coca Cola drinks, or Kentucky Fried Chicken) but also the ability to adjust production according to the interests and tastes of certain market segments.

In this globalization era, competition is very tight, because competition occurs not only between Indonesian business actors but also competition in the face of foreign business actors. Such conditions require readiness from the business community to further enhance competitiveness by means of efficiency in production, raising the quality standards of goods, and prices that remain competitive, so they are able to compete in the international market. Increasing competitiveness must be done continuously, following the dynamics of technological progress so that products can produce the desired quality in a consistent and timely market, and low costs (Suparnyo, 2006).

### **III. Research Methods**

The approach used in this study is a sociological juridical approach that is studied based on the sociology of law. This approach is used because the researcher intends to obtain an in-depth picture of efforts to develop cooperative independence amid global competition or free trade, especially in Lumajang Regency. In this study also seeks to describe what it is about events that occur in each cooperative. The boundaries of the research area are focused on certain locations, specifically in the Candipuro and Lumajang Districts.

### **IV. Results And Discussion**

#### **The Role of Cooperatives in the Development of Cooperative Independence**

The role of cooperatives as small businesses, directly or indirectly, has helped to increase the prosperity of the people by opening new markets with increasingly high quality small business products. Thus the existence of small entrepreneurs is expected to be maintained to build a balanced economy, which is balanced between the development of agriculture, with the industrial sector supporting each other the government, so that it can increase to become a medium-sized business, or a larger business in the future as a form of successful business activities. In essence, cooperatives are a form of organizing that is appropriate in mobilizing the people's economic power, because only by organizing themselves in the form of people's cooperatives can unite their economic potential. Also, it is only through cooperatives that the people can jointly participate in owning, managing and enjoying the results of their companies (Baswir, 1997).

The cooperative business does have a significant role in the economy of the people of East Java. The existence of cooperatives has been able to be a source of income for the community and absorb many workers. Based on their business activities, cooperatives and MSMEs operate in various types of business fields and play a role as the main actors in development in every sector and economic activity. Empowerment of cooperatives and MSMEs will have an impact on the expansion of employment and the wheels of the rural and urban economy. Access to capital can be improved through the role of cooperatives / Savings and Loans Units and the empowerment of Women's Cooperatives. Women's cooperatives play an important role in giving birth to new SME actors among rural and urban mothers. The independence of cooperatives is a measure of the success of an organization in achieving its goals. But the success of an organization is influenced by the right organizational structure, clear division of authority and responsibilities and the participants or actors involved in the organization. The responsibility for the task or sense of responsibility is related or can be related to the level of discipline of the participants in the organization. The better discipline of the members of the organization, it is expected that the independence of cooperatives in achieving goals will improve. Moreover, if the obedience is followed by an initiative which is a reflection of the creativity of ideas with nuances of impetus in achieving organizational goals better. Besides that effectiveness and efficiency can be a measure of the success of an organization.

Based on the data that has been obtained, it can be illustrated how the development of the independence of women's cooperatives conducting savings and loan businesses for one year in their respective regions. The results can be seen that for each area of the organization there is an increase in the number of cooperative members, namely: For Kopwan A in 2017 from 25 people to 52 people in 2018, there will be an increase of 27 new members (108%), while for Kopwan B in 2017 there will be 70 members changed to 110 in 2018, meaning that there will be 40 new members (57%). If the total of the two Kopwans is increased from  $25 + 70 = 95$  people in 2017 to  $52 + 110 = 162$  members in 2018. This means that in one year for only two Kopwan there was an increase in the number of members by 67 people, meaning an increase of 70% new cooperative members.

Whereas in capital, the results of saving and loan business from each Kopwan are as follows: for Kopwan A the amount of capital in 2017 amounted to Rp 27,922,500, - increased to Rp 42,814,250, - in 2018, meaning there was an increase of Rp 14,891,750 (53%), while for Kopwan B there was also an increase from 2017 amounting to IDR 46,029,975 to IDR 50,373,500 in 2018, meaning there was an increase in capital of IDR 4,343,525, - (9.4%). If the two Kopwans are seen in total the number of increases from 2017 is as much as (Rp.27,922,500, + Rp. 46,029,975, - = Rp. 73,952,475, -) to (Rp. 42,814,250, - + Rp. 50,373,500, - = IDR 93,187,750, -) in 2018, meaning that the total increase of the two Kopwans was IDR 19,235,275 (26%).

The magnitude of the increase in cooperative capital is dependent on increasing the number of members and the amount of member savings. Although there are many members, but if no one saves and borrows, then the cooperative business will not be able to increase its independence. Because specifically for savings and loan cooperatives very dependent on improving the welfare of members and activities as well as the activity of each manager as well as members. This can be seen from the results of the study above, that although the number of members is 110 people, it still loses in terms of increasing business capital compared to the number of members which only 52 people.

It turns out that the existence of cooperatives is very useful in improving education and knowledge. And can be used as a container in addition to education also for efforts to increase income. As well as playing a

role in fostering cooperation in welfare efforts, meaning social activities. As a forum to increase productivity in the form of business units, so that the productivity of members of the cooperative community becomes more increased. This means that cooperatives can also increase employment. And a lot of profits derived from cooperative business groups, because with the education or education can also achieve broader goals than alone / individually. This is only seen from a mere quantitative meaning that there has indeed been an increase in many cooperatives, but qualitatively it is still inadequate. Primarily if viewed from the administrative field that is not following what is expected. Because there are still many cooperatives that do not make reports promptly and also do not comply with the accounting system according to the instructions. From the differences in the way in which reports are reported to filling in administrative books which have not yet been fully worked on, is one proof that the role of government is needed in providing guidance and direction as well as training including the provision of skills. With the hope that there will be an increase in the welfare of all members of the cooperative as well as improving management and management.

### **Cooperative Inhibiting Factors**

In reality it is not always the goal of improving the welfare of its members through cooperatives that can succeed smoothly. Because the success or failure of a cooperative depends on its ability to provide benefits to its members. As for success itself depends on several factors including: the ability of management in management, awareness of members as owners and customers of cooperatives, capital, business fields, the business environment situation.

Internal factors that become obstacles for developing cooperatives are 1) lack of discipline in managing cooperatives, can be seen from the lack of active management in carrying out their duties in the cooperative's office, weak skills and awareness of cooperatives, due to lack of cooperative management cadres, and passive supervisory bodies, general meetings passive, 2) Lack of capital, so that it has weak bargaining power, then followed by the power of business builders / weak business members, 3) weak knowledge and technology cause weak information, communication and transformation, 4) inadequate facilities and infrastructure.

External factors that are a barrier to the progress of cooperatives include: 1) Competition with other financial institutions, such as banking through People's Business Credit, pawnshops, etc., 2) Third party trust is weak, so that cooperative business partners are reduced; 3) As a result of dynamic changes such as political aspects, with changes in fuel prices which are often followed by an increase in other necessities, the impact of technological outcomes positively alleviates the burden on society as consumers of electronic goods for household needs, while with a communication network through the internet can change the culture of mutual assistance to become more individual, so that it can reduce the social spirit to work together and globalization as a form of free competition can be felt by all levels of society especially with the entry of various kinds of goods from outside which are considered cheaper can kill farmers and ranchers. Such as imported garlic, imported rice, imported chicken, imported beef and others; 4) Government policies in the economic sector are urgently needed to create a balance, fairness and income distribution as an effort to improve the welfare of the community through cooperation between cooperatives, the government and the private sector.

Thus the obstacle faced by cooperatives is the limited quality of Cooperative HR, so that it can also become an obstacle in forming the trust of third parties, especially the banks and cooperative business partners. The form of coaching towards people whose economy is weak is indeed very important and very necessary. The findings in the field can be stated that cooperatives that are less effective and efficient in running a business, this is constrained because of the lack of facilities and infrastructure for future development, both due to lack of information and communication between members and management as well as limited ability to do business. And the main limitation of venture capital and is a problem of cooperatives in Lumajang Regency in general. The board, both together and individually, bears the losses suffered by the cooperative, because the actions are done intentionally or negligently. Besides the compensation, if the action was carried out intentionally, it does not rule out the possibility for the public prosecutor to prosecute.

As for the no less important issue, the institutional development problem of cooperatives since then until now is about costs. Therefore the program from the government regarding the formation of women's cooperatives in each village is a matter that strongly supports the people's economy, if implemented following the principles and objectives of cooperatives. Also, in business competition, and seizing the market, as well as business development, because there are difficulties in getting access to credit from formal banking institutions. The problem is that small entrepreneurs have difficulty providing bank collateral (lack of collateral). Collateral requested by the bank is usually in the form of a business permit, production equipment, land, buildings and so on. Small entrepreneurs are very difficult to fulfill since business capital is generally fairly small, and also does not want to deal with a complicated banking bureaucracy in providing low interest loans.

### **Efforts to Develop Cooperative Independence in the Middle of Global Competition**

Efforts to increase awareness of cooperatives among the community are carried out through, among others, information activities, information delivery, controlling and fostering community business groups to be

directed to become cooperatives. And to develop cooperation between cooperatives with other business entities, the government in particular is tasked with handling cooperative institutions in the Lumajang Regency Cooperative and SME Office, encouraging the growth and development of institutional networks and cooperative businesses at regional, national and international levels. The economic situation of people who are depressed requires market expansion for small industries to have opportunities in international markets, such as wood crafts, furniture, furniture, earthenware crafts, leather and so on. For the people's economy, every capital assistance, engineering, management, technological equipment, and job training is important in developing a weak business. Government assistance on market access for small business products is very important in dealing with the threat of entry of foreign products due to the entry into force of the free market. Because the market has an autonomy mechanism that is difficult to penetrate only relying on the strength of the people's economy, or small businesses alone without the support of government economic policies and partnerships with large businesses. Other efforts in developing the independence of cooperatives are to create and develop climates and conditions that encourage the growth of independence and socialize cooperatives.

Thus it can be understood that the provision of guidance, convenience and protection to cooperatives is carried out with due regard to the conditions and interests of the national economy, as well as equal distribution of business opportunities and employment opportunities. Doubts about the ability of small businesses in national economic development can be answered by competing healthily in the domestic, regional and international markets through high-quality and competitive products and or services. Even small businesses can also compete / compete in global markets based on a combination of comparative advantage and competitive advantage strategies, so that small entrepreneurs are also able to fulfill the requirements to become modern business activities within the framework of market competition (Sulistia, 2008). One of the successes of small businesses can get out of the economic crisis in Indonesia is because the business is not too problematic with bank credit, as experienced by large business groups. The debt is too small and the bad credit is not more than 0.5%, while the large business credit reaches 70% of the total debt which amounts to hundreds of trillions of rupiah in the bank. This shows that small businesses are more independent in economic activities, because they can do business without the support of other parties. This independence can be seen from the capital and industrial technology that is used alone though modest in modern corporate activities.

However, there are several obstacles faced by small businesses, among others, in business competition and market capture, as well as business development, because there are difficulties in getting access to credit from formal banking institutions. The problem is that small entrepreneurs have difficulty providing bank collateral. Collateral requested by the bank is usually in the form of a business permit, production equipment, land, buildings and so on. Small entrepreneurs are very difficult to fulfill since business capital is generally fairly small, and also does not want to deal with a complicated banking bureaucracy in providing low interest loans. As a breakthrough, it is expected that there will be government economic policies through the financial / monetary sector to reach small business groups in the market economy system. With the aim that small entrepreneurs can develop their businesses into medium-sized businesses with additional capital provided by banks which are assisted by government subsidies.

## **V. Conclusions And Suggestions**

### **Conclusion**

Based on the results of research and discussion previously presented, the conclusions obtained are:

1. Factors that have become obstacles in the development of Cooperative independence in Lumajang Regency include:

a. Internal factors of cooperatives, ranging from the management or managerial human resources to the life of members in cooperatives that are less effective and efficient in running a business, this is constrained due to lack of facilities and infrastructure for future development, both due to lack of information and communication between members and management also because of limited business ability. And the main limitation of venture capital and is a problem of cooperatives in Lumajang Regency in general.

b. External factors are in business competition and market capture, as well as business development, because there are difficulties in getting access to credit from formal banking institutions. The problem is that small entrepreneurs have difficulty providing bank collateral (lack of collateral). Collateral requested by the bank is usually in the form of a business permit, production equipment, land, buildings and so on. Small entrepreneurs are very difficult to fulfill since business capital is generally fairly small, and also does not want to deal with a complicated banking bureaucracy in providing low interest loans.

2. Efforts by managers to develop cooperative independence amid global competition are by:

a. Inviting Cooperative members to always compete in improving Cooperative services through education and training including the provision of education and training fees from SHU, through meetings to improve management, as well as financial reporting that is held intensively and sustainably. Although the meeting program is held every month, administration services and business activities are opened every day intensively to help solve all problems experienced by members in carrying out cooperative life.

- b. Improving and strengthening the ability of cooperatives to become healthy, resilient and independent cooperatives, this is realized by providing opportunities for cooperative management to make monthly reports to the Office of the Cooperative Office of SMEs in Lumajang Regency so that they can be assessed and their cooperatives are healthy or not.
- c. Striving for a mutually beneficial business relationship system between cooperatives and other business entities, including the existence of cooperative businesses to partner with other financial institutions, both with banks and other cooperative business partners.

### **Suggestion**

- a. For the cooperative manager as a public fund collector, although in a very limited scope, the Savings and Loan business activities are businesses that are based on trust and bear a lot of risk. Therefore management must be done professionally and handled by managers who have special expertise and abilities, assisted by a strict internal control system.
- b. For members of the cooperative it is necessary to have awareness about social aspects, because togetherness is essentially a social activity. From social activities that lead to social obligations, help each other help, to increase economic relations, help with money such as savings and loans which ultimately increased to economic obligations. Social awareness that has a spirit of togetherness and awareness of productive economic ventures.

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