

Challenges for Koperasi Merah Putih: Maintaining Identity and Relevance in the Digital Era

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ABSTRACT

The Koperasi Merah Putih in Indonesia faces significant challenges, including capital limitations, inadequate human resources, governance issues, low member participation, and intense market competition, threatening its identity and relevance in the digital era. This qualitative research, conducted from March to May 2025 in Sindang Jaya, West Java, utilized observation, interviews with key cooperative members, and document analysis to explore these dynamics. Findings indicate that digitalization is crucial for enhancing operational efficiency, market reach, and member engagement. Therefore, it is recommended that Koperasi Merah Putih forge partnerships with technology providers, improve digital infrastructure, and provide digital literacy training to its members for long-term sustainability and competitiveness

INTRODUCTION

The rapid pace of globalization and digitalization in today's world presents a complex landscape for cooperative organizations, specifically in regions such as Indonesia. The "Koperasi Merah Putih" program, designed to bolster economic strength in rural areas by empowering communities through cooperatives, stands as a pivotal element in this transformative era. As outlined by Faizah, E. N. (2025), the program aims to create jobs, improve livelihoods, and reduce dependence on large markets. However, transparency issues and potential misuse of funds pose significant threats to achieving these objectives, which aligns with the broader challenges outlined by Saputri, A. R. & Hardiyan, M. I. (2025), who stress the importance of transparency, accountability, and robust local institutions for the success of these cooperatives.

Ariandy, P., and colleagues (2025) emphasize the operational hurdles these cooperatives face, such as limited human resource capacity, bureaucratic overlaps with Village-Owned Enterprises (BUMDes), and the perception that these cooperatives are not genuinely community-owned. These challenges are compounded by normative misalignments with national cooperative laws. Alloलयuk, T. (2025) further notes the limited community understanding of cooperatives, resulting in isolated business operations, weak bargaining power, limited business networks, and minimal opportunities for value addition. This underscores a significant gap between local potential and the generally low level of welfare.

Similarly, Arzewiniga, F. (2025) highlights the strategic potential of village cooperatives as production and distribution hubs but notes challenges related to managerial capacity, financial literacy, and overlaps with BUMDes. Kurniawan, R.D. (2025) identifies social participation and local economic potential as strengths of village cooperatives but also points out serious challenges in strategy formulation, resource management, and evaluation systems.

The advent of digital technologies offers both challenges and opportunities. Syechan, N., and colleagues (2025) argue that digital transformation significantly enhances the efficiency and competitiveness of cooperatives, aligning with Indonesia's constitutional economic principles. Purnomo, S., & Yap, N. (2024) highlight how digital technology opens new paths for cooperatives to enhance efficiency and service accessibility, necessitating new strategy formulations and effective technological use.

Given the extensive challenges from regulatory, managerial, and community engagement perspectives, the Koperasi Merah Putih must navigate its identity and relevance in the digital era. The pressing research problem becomes clear: what challenges will the Koperasi Merah Putih face in the future, and how can it adapt to the era of digitalization? The research aims to identify these future challenges and describe how the cooperative can align its operations and strategies with the opportunities digitalization offers, ensuring its survival and growth amidst evolving economic landscapes.

LITERATURE REVIEW

Koperasi Merah Putih

Koperasi Merah Putih, an initiative launched in Indonesia, aims to strengthen the rural economy by establishing cooperatives that empower communities. The establishment of these cooperatives is rooted in the recognition of the potential of collective entrepreneurship to uplift local livelihoods, create jobs, and foster economic independence.

The process of establishing Koperasi Merah Putih began with government initiatives targeting rural villages where traditional employment opportunities are limited. To create a sustainable economic model, local governments, along with community leaders, initiated training sessions to educate the community about the principles of cooperatives and the benefits of collective economic effort. These training programs focused on instilling a cooperative spirit, enhancing skills, and building awareness of cooperative management.

From the outset, Koperasi Merah Putih was designed to be inclusive, encouraging participation from various community members. This was critical for ensuring that the cooperatives truly reflect the needs and aspirations of the local population. The cooperatives were structured to provide an array of services, including access to financial resources, production facilities, and marketing platforms. By pooling resources, community members could benefit from economies of scale, which would otherwise be unattainable individually.

One of the primary benefits of Koperasi Merah Putih is its role in creating jobs. By establishing cooperative businesses, these initiatives have generated employment opportunities for many individuals in rural areas, particularly for women and youth who often face higher unemployment rates. This job creation not only fosters financial independence but also enhances community stability and improves living standards.

In addition to job creation, Koperasi Merah Putih also focuses on improving the welfare of community members. Through cooperatives, individuals gain access to essential services that contribute to their overall quality of life, such as healthcare, education, and financial literacy programs. These services enable community members to make informed decisions that positively impact their personal and economic well-being.

Another significant advantage of the Koperasi Merah Putih initiative is its potential to reduce dependency on large markets. By promoting local production and consumption, these cooperatives encourage members to rely on each other rather than external market forces. This fosters resilience against economic fluctuations and helps stabilize local economies. Moreover, it enhances food security by promoting local agricultural production, which is essential for rural communities.

Koperasi Merah Putih also plays a vital role in strengthening community bonds. Cooperatives promote a sense of belonging and shared purpose among members, as they work together towards common goals. This social cohesion is vital for the success of economic initiatives, as it fosters collaboration and mutual support. Additionally, as members become more engaged in cooperative activities, they develop leadership skills that benefit the community as a whole.

Despite these advantages, Koperasi Merah Putih continues to face challenges, such as limited transparency in management and the potential misuse of funds. Addressing these issues is crucial for ensuring the long-term success of cooperatives and maintaining the trust and confidence of community members.

Koperasi Merah Putih represents a significant step towards empowering rural communities in Indonesia. Through its focus on collective entrepreneurship, job creation, and community welfare, it aims to foster economic independence while preserving the unique identity of local communities. As these cooperatives continue to evolve, they hold the potential to play a critical role in Indonesia's broader economic development strategies, particularly in the context of digitalization and global economic changes.

Koperasi Merah Putih: Relevance in the Digital Era

Koperasi Merah Putih, aimed at empowering rural communities in Indonesia, stands at a crucial junction as it navigates the challenges and opportunities presented by the digital era. The relevance of these cooperatives in today's digital landscape is increasingly significant, as technology alters how businesses operate, communicate, and engage with their members. The incorporation of digital tools and platforms can enhance efficiency, accessibility, and overall competitiveness of Koperasi Merah Putih.

In the digital era, the ability to leverage technology is essential for the growth and sustainability of cooperatives. By embracing digital platforms, Koperasi Merah Putih can improve operational efficiency, streamline management processes, and ultimately provide better services to its members. For instance, the use of digital accounting software can aid in transparent financial management, mitigating issues related to fund misuse and enhancing accountability within cooperative structures. This advancement also fosters trust among members, which is crucial for the success of any cooperative initiative.

Moreover, digital marketing strategies can expand the reach of Koperasi Merah Putih, allowing for better promotion of products and services produced by cooperative members. By utilizing social media and e-commerce platforms, these cooperatives can connect with a broader customer base beyond local markets. This not only increases sales potential but also empowers members by providing them with opportunities to showcase their products on national and international stages.

Another critical aspect of digital relevance is the enhancement of communication within cooperatives. Digital tools facilitate real-time communication, enabling members to stay informed about cooperative activities, initiatives, and opportunities for collaboration. This improved connectivity enhances member engagement and participation, crucial elements for the vitality of cooperatives. Furthermore, educational initiatives can be conducted online, allowing members to improve their financial literacy and develop business skills, essential for navigating the complexities of modern economies.

However, the transition to a digital model presents challenges as well. Limited access to technology and internet connectivity remains a concern in many rural areas, which can hinder the full realization of the benefits associated with digital transformation. It is essential for Koperasi Merah Putih to address these gaps by collaborating with government and private sector partners to

improve infrastructure and provide training for members on utilizing digital tools effectively.

Koperasi Merah Putih holds substantial relevance in the digital era, as it offers a pathway for rural communities to adapt to contemporary economic landscapes. By harnessing the power of digital technology, these cooperatives can enhance their operational capabilities, expand their market reach, and strengthen community ties. Addressing the challenges associated with digital adoption will be vital for ensuring long-term sustainability and success in empowering local economies.

METHODOLOGY

This study employs a qualitative research method to explore the Koperasi Merah Putih in Sindang Jaya, Cipanas, West Java. The research will be conducted from March to May 2025, focusing on the dynamics and challenges faced by the cooperative. The respondents selected for this study include four key members of the cooperative: the Chairperson, the Vice Chairperson, the Treasurer, and two regular members.

Data collection will be carried out through three primary techniques: observation, interviews, and documentation. Observational methods will involve the researcher immersing in the daily activities of the cooperative, noting interactions, operations, and community engagement. This will provide a contextual understanding of the cooperative's functioning. In-depth interviews will be conducted with the selected respondents to gain insights into their experiences, perspectives, and the roles they play within the cooperative. The interview questions will be carefully crafted and validated by experts to ensure reliability and relevance to the study's objectives.

Furthermore, documentation analysis will be employed to review existing records related to the cooperative's activities, financial reports, and member engagement strategies. This multifaceted approach to data collection will provide a comprehensive view of the Koperasi Merah Putih's operations and its impact on the local community.

Data analysis will follow a systematic process, encompassing several stages. Initially, data collection will be conducted, followed by data reduction, which involves filtering and organizing the information to highlight key themes and patterns. Subsequently, the findings will be presented in a structured manner, showcasing insights gained from observations and interviews. Finally, the analysis will conclude with verification and synthesis of the results, drawing conclusions about the challenges and successes of the cooperative, as well as offering recommendations for future improvements. This qualitative research approach will provide valuable insights into the dynamics of Koperasi Merah Putih, contributing to a deeper understanding of its role in enhancing community welfare in Sindang Jaya.

RESULTS AND DISCUSSION

The Koperasi Merah Putih initiative in Indonesia faces numerous challenges that threaten its sustainability and effectiveness, particularly in the context of the evolving digital landscape. One of the primary concerns is capital limitations. Many cooperatives, including those in Cianjur, struggle to operate effectively due to insufficient financial resources. Member contributions, such as mandatory savings and initial capital, are often minimal, leading to a dependency on bank loans. Unfortunately, the process of obtaining these loans can be complicated and burdensome, delaying necessary funding and putting the cooperative at risk of failure.

Another significant challenge confronting Koperasi Merah Putih is the lack of professional human resources. The management of cooperatives frequently grapples with organizational and financial management issues, primarily due to the absence of skilled and competent personnel. This deficiency in human resources hampers operational efficiency and stunts the growth of the cooperative, limiting its ability to respond dynamically to challenges and opportunities (Suprpto, H., et al, 2025).

Additionally, access to banking services poses a serious hurdle for many cooperatives in the region. In Cianjur, complications with the Bank Indonesia Checking system make it difficult for cooperatives to secure necessary capital loans from banks. This limitation not only constrains the financial capacity of the cooperatives but also stifles their potential for expansion and sustainability.

Furthermore, the issue of governance and trust is looming. There are national concerns regarding corruption and budget leaks in cooperative fund management. Such issues can severely damage the reputation of cooperatives and undermine public confidence in these institutions. Without public trust, cooperatives struggle to attract new members or secure additional capital from existing members, ultimately jeopardizing their operations.

Sustained participation from members is another significant challenge that Koperasi Merah Putih faces. Low levels of engagement in meetings, service utilization, and contributions to cooperative capital demonstrate a disconnect between the cooperative and its members. This lack of participation can hinder collaborative efforts to grow the cooperative and implement new initiatives that could benefit the community.

Moreover, the socialization of the cooperative model and its benefits to the community has not been conducted optimally. Without effective outreach and education, the public's understanding and interest in cooperatives remain low. This lack of awareness stymies efforts to increase member participation and capitalize on the cooperative model's potential to enhance community welfare.

Market competition is another persistent challenge. Koperasi Merah Putih faces rivalry not only from other cooperatives but also from various business entities that may possess more substantial capital and better management practices. This competition can put pressure on cooperatives to innovate and improve, which may be a daunting task given their current constraints. Lastly, the dynamic nature of regulations and government policies presents an ongoing challenge, requiring cooperatives to adapt quickly to maintain compliance and stay relevant in changing economic environments (Wijayanto, W .dkk, 2025)



Fig. 2 Researcher and Respondents

However, transitioning to a digital model is not without challenges. Many cooperatives, especially in rural areas, face issues related to limited access to technology and internet connectivity. It is essential for the Koperasi Merah Putih to address these gaps by working collaboratively with stakeholders to enhance infrastructure and provide training that empowers members to utilize digital tools effectively (Ariandy, P, et al, 2025).

Koperasi Merah Putih faces significant challenges that impact its effectiveness and sustainability in the community. Issues surrounding capital acquisition, human resource management, governance, member participation, and market competition require urgent attention. In this context, the importance of digitalization emerges as a critical strategy for revitalizing cooperatives. By harnessing technology, Koperasi Merah Putih can enhance its operational capabilities, broaden its market reach, engage members more effectively, and ultimately uphold its relevance in an ever-changing economic environment. Embracing digital solutions is not merely an option; it is imperative for the future resilience and success of these cooperatives in Indonesia.

CONCLUSION AND RECOMMENDATION

Koperasi Merah Putih in Indonesia faces several significant challenges that hinder its operational efficiency and long-term sustainability. These challenges include capital limitations, inadequate professional human resources, difficulties accessing banking services, governance issues, low member participation, lack of socialization about cooperative benefits, intense market competition, and dynamic regulatory changes. Addressing these issues is crucial for the cooperative's survival and growth. In the context of the digital era, embracing digital solutions is essential for Koperasi Merah Putih to remain relevant, improve operational efficiencies, and enhance member engagement. By leveraging technology, cooperatives can increase their market reach, improve transparency, and foster better communication among members. As such, transitioning to a digital model is not just beneficial but necessary for these cooperatives to thrive in a rapidly changing economic landscape. Recommendations include fostering partnerships with technology providers to enhance digital infrastructure and offering training sessions for members to build their digital literacy. This will empower the cooperative to utilize digital tools effectively and ensure their competitiveness in the market.

FUTHER STUDY

This research still has delays, so it is necessary to conduct further research related to the topic Challenges for Koperasi Merah Putih: Maintaining Identity and Relevance in the Digital Era in order to improve this research and add insight for readers.

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