

INSTITUTIONALIZATION BUILDING OF KOPERASI IN PAMURBAYA, SURABAYA, INDONESIA

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ABSTRACT

This research aims to answer the question why Koperasi as one of economic institutions fails in institutionalization building so it can not run its function to increase the society welfare in East Coast of Surabaya (Pamurbaya: Pantai Timur Surabaya). The research uses qualitative method and the data is collected by interview, observation and documentation. The data analysis technique uses qualitative analysis, through collecting, classifying and making a conclusion. The research concludes that Koperasi has not been successfully institutionalized in Pamurbaya because of internal and eksternal factors. The internal factors includes weak leadership in Koperasi, the absent of Koperasi doctrine, the program is formulated more as short-term projects, poor quality of human resources, and lack of commitment to institutional value as a new value into the coastal community. Meanwhile, the external factors that influence the weakness of Koperasi institutionalization are Koperasi value is largely unknown by the majority of the coastal community and the minimum existing of enabling, functional, normative and deffused linkages with the environment. The research recommends Koperasi should form the doctrine, strong leadership, adds resources and build the external linkages.

Keywords: Institutionalization, Koperasi, Coastal Community

Introduction

Institutional issues in Indonesia, particularly in relation to government programs, tend to be dominated by failures in their implementation. One of Government programs that have been successfully institutionalized in the community is Family Planning (Keluarga Berencana/KB) implemented by the BKKBN (Badan Kesejahteraan Keluarga Berencana Nasional/The Body of National Planning Family and Welfare). This program has succeeded to force the family has only 2 children, male or female same as the doctrine applies. Within a period of 20 years since 1970s, the public awareness to possess 2 children was substantially raised.

By looking to that model, then merge the question associates with the institutionalization of Koperasi, particularly Koperasi in the area of East Coast of Surabaya (Pamurbaya: Pantai Timur Surabaya). This question based on the reality that Koperasi in Pamurbaya has not been working well. Beside that, the social condition in Pamurbaya is a serious concern of Surabaya City government, given the number of dependants in a typical fisherman family is large.

As seen from the research result by Tri Ratnawati (2001), the fisherman family has 3-5 children comprises up to 52%, while those with 6-8 children 44%. Beside that, the education level showed that 62% completed elementary school and 20% completed junior high school. The household income levels of fishermen ranged from Rp. 500.000,- up to Rp. 4.337.400,- per month, with an average of Rp. 1.163 million, - meaning Rp. 248 500, - per capita per month. The income distribution can be seen in Table 1 below.

Table 1: Distribution of income of fishermen by income group

No.	Income Distribution	N	%
1	Lowest 40%	149	85
2	40% medium	19	10
3	20% highest	8	5
		176	100

Source: Tri Ratnawati, 2001

Based on Table 1 it can be seen that the largest income group belongs to 85% of fishermen, the lowest 40% income group belongs to 10%, while the 20% highest income group belongs to only 5.0% of fishermen households. Furthermore it appears that fishermen household spending tends to be concentrated in the lowest group. There is a relatively high poverty level, and income discrepancy. The imbalance occurs between fishing crews and motorized fishing vessels owner. It is important to note that in the fishing economy, the most income is spent to meet household needs.

Public awareness in managing sources of income as economic modality seems to be required by institutions. Therefore, the government and fisherman formed Koperasi to improve the fishing family's economy.

But there is a tendency in which the government uses a *top-down* method to obtain the optimal results in the Koperasi institutionalization in the community institution and excluded other important factors. As a result, Koperasi in the area of Pamurbaya that is formed by the Department of Marine Fisheries (Departemen Kelautan dan Perikanan), named Koperasi Mina Bahari, has not optimal in bringing changes in coastal society economy. This can be seen from the low participation of the community in Kedung Cowek, Surabaya. A factor which has been overlooked is leadership. We found that Koperasi leadership is still dominated by managers whose livelihood is not as fisherman.

The fact is also supported by the findings made by M. Farid Dimiyati (2004). The role of Institutions in Kenjeran Fishermen Society (an exploration study of the role of institution in the fishing village in Kenjeran, Surabaya). The formal institutions established by the government failed to work well. They have not enjoy any benefit from the institutions and even they were not active in them. The fishermen prefer to join and to engage in religious social activities and other informal institutions, such as: Arisan, Istiqosah and Yasinan. The existence of informal institutions is more meaningful to people's lives than formal one. The activities that are undertaken by informal institutions have grown in several areas: Kenjeran, Bulak, Sukolilo and Mulyorejo.

RESEARCH OBJECTIVES

Koperasi in Pamurbaya has a serious problems. It fails in doing the duties to increase the fisherman community condition and also their activities are limited surround some leaders and members only. Kedai Pesisir (Coast Shop) as Koperasi program that should provide the fisherman equipment to sail in fact is not succeeded in doing the activity. The shop sell goods as common shop around Koperasi so the buyers are also limit. The fisherman as Koperasi members prefers to buy things from other shops rather than in Kedai Pesisir. This is because Kedai Pesisir must pay in cash, not credit as fisherman culture in Pamurbaya. Beside that, another program of Koperasi, called by Lending and Saving Unit is also has bad credit, in which the borrowers are not pay in time, even some funds are disappear because the borrower have been moved to other places. Many borrowers are not the Koperasi's member but they are outside Koperasi but having relationship with Koperasi managers. And the other program, that calls Grameen is also limited in spreading the lending and saving because of the minimum capital. There are pra-Koperasi in Pamurbaya and they are more exist than Koperasi that is formed by the government but they have also several problems in development. They can not propose the finance or other forms of grants from Indonesia government because they have not legal entity. It is really difficult for pra-Koperasi to get all grants without legal status. These conditions give bad impact to Koperasi. Koperasi fails in Pamurbaya fail to improve the fisherman economy and also fails in increasing the fisherman participation in their activities. Koperasi still alive as a instituion in very limited environment.

Due to those problems, the research aims:

To find the factors that influence Koperasi in instituzionalization building so it can not run its function to increase the society welfare in East Coast of Surabaya (Pamurbaya: Pantai Timur Surabaya).

LITERATURE REVIEW

Previous Research

To answer that research question, there are some previous studies to be noted. *First*, a study by Pooler and Duncan (1967) "*Technical Assistance and Institutional Building: An Empirical Test*". The focus of the study is to measure the level of success in a variety of programs of development agencies by using internal, external and linkages or transactions dimensions. The research method is descriptive quantitative. The result shows that the institution need a consistency in overall relationship between variables, and longterm commitment of resources to build the instution.

Second, a study by Moeljarto (1987) "*Institutional Development in the Provincial Development Program (PPWT)*" which identifies the critical success factors of regional development programs to the institutionalization development in three provinces, namely: West Sumatra, Central Java and East Java. The research method is case study with a qualitative analysis techniques. The result shows that the lending institutions as part of the PPWP *institutionalization* considered by the District. The Credit Agency in Central Java, Granary Pith Nagari in West Sumatra and Small Business Credit People in East Java. It can be worked through a socio-cultural mechanism.

Third, a research by Casmiwati (2012) conducted on the "Institutional Strengthening in Sub Kedung Cowek, District Bulak, Surabaya" using a qualitative descriptive method. The Findings are childhood institutions, the integrated service post (POSYANDU: Pos Pelayanan Terpadu) in Kedung Cowek, Surabaya has failed to encounter the problems due to the following factors: the dominance of a leadership cadre, the absence of values, vision and mission and also the lack of flexibility to conduct innovation.

Conceptual Framework

Institutional Development (ID).

According to Esman adopted by Ekowanti (2015:21-25), ID is a social change perspective. It concerns innovations that imply qualitative changes in norms, patterns of behavior, the relationships of individual or group, and the new perceptions about their own goals and means. At this stage, the government administration capacity and capability in development received greater attention because those factors are considered as the main cause for the slow results of community development.

According to Esman, there are several variables in the institutions development:

Leadership is a group of people who are actively involved in formulating doctrine and institute programs, directing the activities of the institution and establishing and nurturing relationships with the environment. The quality of leadership is important to develop a *mind-set* and *culture-set of governance* in the region. The leader must have 4 C, namely: 1) *concept*, a clear framework of thinking, vision, mission and programs; 2) *competence*, a blend of *knowledge, skills, attitude* to improve the quality of public services; 3) *commitment* to the duties and functions that can be provided; and 4) *consistent* in decision (Taufiq Effendi: 2005).

Doctrine is the values, goals and operational methods that underlie social action, which describes the image and expectations of the target in the form of theme and relates to their environment. The doctrine underlies operational governance course of action that represents the values of *good governance*, namely the public service principles: participation, efficiency and effectiveness, fairness, accountability, and transparency (Dwiyanto, 2003).

Program is a translation of doctrine into the patterns of real action and allocation of resources linked to the external environment. The program is *output*. Therefore, the preparation of the content of the program or policy must satisfy ethical considerations indicators, namely: benefits, fulfillment of rights, justice and maintenance/sustainability and also public service indicators, namely: the effectiveness of the program, the productivity of outputs required by the community, efficiency and satisfaction (Ratminto & Atik, 2005). The operations have to meet the eligibility criteria of economic, technical and administrative (Interplan, 1969). By contrast to the process of *delivery* (delivery), programs or policies are to meet service performance criteria measured in terms of: 1) fairness and equality of service; 2) the certainty of time and cost by the standards of efficiency; 3) responsiveness; and 4) mouthfuls / rentier bureaucracy (Dwiyanto: 2003).

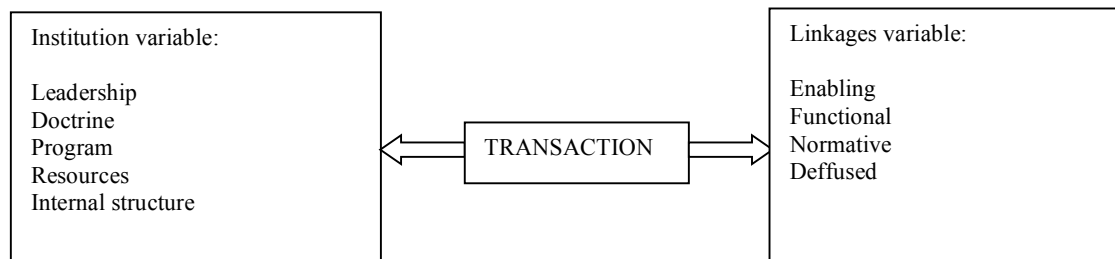
Resources (such as human resources, funding, facilities, physical, and technological) available for institutions need to be managed by good leadership, high commitment and creativity. The formation of resources must be tailored to the needs of program *delivery* effectiveness in the community. (Dwiyanto, 2003).

Environmental variables, including: *enabling linkages* are the link that connects these institutions with organizations, groups and individuals who control the authority and resources allocation of that allows the agency to operate and continue. In the present context, *enabling linkages* are linkages with *stakeholders* that determine the legitimacy of authority and acquisition of resource agencies. *Functional linkages* are the linkages that connect institutions and organizations that carry out the functions and services that are complementary in the sense of production, which provides the inputs and outputs of the institutions that use them. *Normative linkages* are the linkages that connect the values of the environment institution's values or norms. *Diffusion linkages* are the linkages that connect organizations with elements in the community that can not be clearly identified by membership in formal organizations.

Transaction is a dynamic exchange occurs between agencies with environmental elements. Institution shall manage changes or innovations, and this thing will be related to the environmental elements to respond, assess and provide new inputs.

Institutional Models

Model development of agencies as described by Esman, is shown in Chart 1 below. **Chart 1. Institutional Development Model by Milton J. Esman adopted by Mas Roro Lilik Ekowanti and Dewi Casmiwati, 2015**



METHODS

These research uses qualitative approach to understanding a social situation, event, role, and group interaction (Nasution, 2003:5), and fundamentally relies on human observation on his own (Moleong, 2008:3) .

The focus of the study includes two variables: institutions variable involves leadership, doctrine, values, program, resource and internal structure. Meanwhile, the environmental variables involve enabling linkages, functional linkages, normative linkages and diffused linkages. Sources of research data are selected by purposive and snowball. There are two kinds of data. The primary data source was first collected through observation or interviews with informants. Secondary data was obtained through information or data obtained from documents or records and photos. Data collection techniques are in-depth interviews with relevant parties such as the PKK cadres, government officials and fishermen family member, observation, documentation, and Focus Group Discussion.

The subject of research is fisherman and other stakeholders that are associated with Koperasi. The informants: Koperasi board members, Head of RT (Rukun Tetangga: Neighbour Unit) and RW (Rukun Warga: Society Unit), Head of Koperasi, and Office Staff of Cooperative Agency of Surabaya City and the fishermen families in 4 Pamurbaya districts (30 people).

The research location is the Pamurbaya region, which includes 4 districts: Sukolilo, Mulyorejo, Kenjeran and Bulak. The selection of districts is based on the number of Koperasi and fishermen in Pamurbaya, Surabaya. In Indonesia, Surabaya is the second biggest City after Jakarta. Industrialization as been also launching in coast area, unfortunately the number of fisherman decrease time by time and their conditions are also bad.

Data collected in this study was then analyzed by using an interactive model as a qualitative analysis technique. This type of analysis has 3 components: data reduction, data clasification and data conclusion. (Miles & Huberman, 1992).

DESCRIPTION OF KOPERASI IN PAMURBAYA

The form of Koperasi in the 4 districts in Pamurbaya: Sukolilo, Mulyorejo, Kenjeran and Bulak has two characteristics: **first**, Koperasi that is formed by the government (*top down*) and this tends to be less successful. **Second**, Koperasi that is formed by an informal group, illegal entity, or we called it by Pra-Koperasi.

There are 3 Koperasi which is formed by the government with legal status. **First**, Koperasi Mitra Mina which is formed by the Ministry of Marine and Fisheries (KKP: Kementerian Kelautan dan Perikanan) through the PEMP Program (Pemerdayaan Ekonomi Masyarakat Pesisir: the Coastal Community Economic Empowerment). This Koperasi has three main programs: 1). Savings and loans unit, granted by the Ministry and offered in accordance with the rules and procedures of Bukopin Bank. This unit operates within the guidance of the bank's procedures in order to lend. The problem that arises now is that a lot of bad loans occur in the community. 2). Kedai Pesisir (Coastal Shop) is a shop that originally funded by KKP and stablished to provide the needs of fishermen at affordable prices. Coastal Shop is designed as a *mini market* where buyers can directly pick up the goods purchased on a cash basis, no debt. The problem is Coastal Shop cannot develop optimally because of the prevailing debt culture in the fishing community, while the Coastal Shop is designed on cash basis. Turnover, the merchandise is limited and still deficit (profit cannot cover all the fixed costs such as electricity, water and salary of employees). 3). Grameen is a soft saving and credit model that offers loans between IDR 1.000.000 to IDR 2.000.000 with joint responsibility. The payback responsibility of the loan is shared in a group of 5 people. In fact, grameen is more sucess than another saving and loans unit under Bukopin Bank in operationality. **Secondly**, Koperasi Mitra Mina that is established by KKP in 2010, as a women's Koperasi. Since 2010 till present, its members was only 32 people. It operates in Tambak Wedi, Bulak, Surabaya. It has 3 business units: the savings and loans unit, groceries and fuel procurement. It is managed in a small stall to raise capital. As noted by informants, loans of Koperasi has helped micro business development, such as : supporting peoples to trade ice blocks. **Third**, Koperasi located in Kedung Cowek, Bulak, Surabaya which has a legal status and its activities are funded by the government. But this Koperasi did not develop well. Koperasi is only has a name, but there was no activity. There is however some limited activity, only in savings and loan program with funds granted from Koperasi Office of Surabaya City.

Another form of Koperasi is Pra-Koperasi. They are established by several groups of Rukun Nelayan (Fisherman Unit). They are dorang group, red snapper, grouper and squid. Their names are adapted from type of catches of the fisherman. The groups were established in 1999 and at the beginning it only consisted of 3 groups: squid group, grouper group, and mandiri group. During its development, mandiri group turned into dorang and red snapper group in 2012. The location is in Tambak Wedi, Kenjeran. Their activities are provide the basic need in low price, provide the fishing gear, sell the fuel for the fishing boats, lend capital for fisherman in bad season. In reality, these pra-Koperasi are more helping fisherman than Koperasi formed by the government.

RESULTS AND DISCUSSION

The Factors that Influence the Institutionalization Building of Koperasi in Pamurbaya

Based on the Koperasi condition, the research finds the basic problem of Koperasi in institutionalization building.

First, leadership. Koperasi in Pamurbaya, Surabaya mostly have weak leadership and it gives bad impact to the program implementation and member participation in Koperasi. Koperasi chairman and officials are not recruited from the fisherman community. They are from other area outside coastal area, so they don't know the fisherman real problem. Some of them are also graduated from senior and junior high school without Koperasi lesson. Beside that, Koperasi Leader is also not so close to the community. It means they have no enough concept and capacity in leading Koperasi. One thing that Koperasi leaders have is their commitment and concern to develop Koperasi. They have high spirit to improve Koperasi activity and program, although the Koperasi financial condition is not good. Furthermore, Koperasi have not been giving the contribution to increase the fisherman economical condition significantly.

Second, doctrine. Most Koperasi in Pamurbaya has no doctrine that represent the coastal community value. The society and Koperasi chairman are not understand the doctrine even the importance of it, eventhough the doctrine requires to motivate the public, to determine the problems, and to get solving of the problem. Koperasi in Pamurbaya does the activity without the doctrine so far.

Third, program. Koperasi in Pamurbaya has program due to the government guidance, not from society. Beside that, Koperasi program is not socialized sufficiently to society, so a lot of society members do not understand what Koperasi programs are. That's why the programs are not relevant to fisherman needs. Kedai Pesisir for example, the buyer has to pay in cash while coastal society prefers credit than cash in transaction. Even, they are used to delay paying when shopping during a bad season until harvest season. In addition, the existing program provided by the Ministry has not been effective and failed to answer all the society needs, especially the general public outside Koperasi. Although almost all Koperasi claims have many members, but not all of them are active. Koperasi members usually come to Koperasi when they have a need, such as a time to borrow the money, afterthat they never come again. The transparency and accountability issue is limited concern by its leaders and managers. The public does not know what programs are being offered by Koperasi because communication is lack. The responsibility mechanism towards all members also have not been established, and if any, there are very rare, and usually reported in the annual meeting (RAT: Rapat Anggota Tahunan). One of Koperasi programs that is still needed by the members is savings and loan program.

Fourth, resources. The weakness of Koperasi in the Pamurbaya region is also influenced by the limited of resources in terms of infrastructure, human resources, technology and networking. Koperasi building and equipment are located in tenement and according to the recently observation, right now the Kedai Pesisir has been closed because it can not meet operational need. Human resources that Koperasi have only 5-10 persons who are so active. They manage and operate all Koperasi programs. The others are members and can be categorized as unactive members. So it can be said that human resources of Koperasi in Pamurbaya less in quantity. Associate with technology, Koperasi has no enough technology to make transaction. There are only 3 komputers in Kedai Pesisir, leader office and Saving and Loan Unit. All computers have not connected to internet so the information and all transactions are still using manual ways. Speaking about networking, actually the research finds that Koperasi has already have some networking with government institution, and also with several factories and universities but Koperasi can not use this networking to build Koperasi institutionalization. The cooperation between Koperasi and its networking are still limited.

Fifth, internal structure. Organization structure of Koperasi has overlapping in division of roles and authority. The main leader (sometimes called as the Chairman) of Koperasi is usually very dominant in determining policies as well as in its management. They have a strong commitment to promote the Koperasi and happy to do his job as a leader. The chairman often has a lot of thing to do, and control his section. The idea is not to interfere but to help the members voluntarily with the hope that the activities can run smoothly. In an internal organization, informal communication is also less practiced, and they use formal communication in meetings and when the visitors arrived. Meanwhile, an informal communication can actually be important as a base for the leaders and personel management to instill togetherness and to drive cooperative activities. Unfortunately, communication happens mainly between the board and certain active members only. For other members, the communication is poor.

Sixth, linkages. This linkages variables consist of enabling, normative, functional, and diffusion linkages. Based on enabling linkages, it appears that the leadership in the Koperasi has failed to collaborate with the members and other agencies that give

credit for fisherman, for instance "Bank Tital". Beside that, other Koperasi, such as Koperasi Mitra Mina and Koperasi Wanita have been incorporated in the regulation, but in the growing step, they have differences believed in the fishing communities. For example, as stated previously, Kedai Pesisir has to buy things in cash, while the fishing community culture is to delay payments. Other findings shows that the activities of savings and loans by Koperasi Mitra Mina has the mechanism and procedures in accordance with a Bukopin system bank that charges interest of 1%-2% a month and of course, it makes difficulty for fisherman to access funds channeled through the Koperasi. Based on normative linkages, Koperasi Mitra Mina is slightly better than other Fisherman Pra-Koperasi. Koperasi has already partnership with the banks or other external agents and it doesn't happen to Pra-Koperasi that having no legal status. It makes them difficulty to access fundings or governmental assistance. Based on functional and diffusion linkages, Koperasi has been cooperating with several agents that supply the needs for fisherman. So, in these linkages, there is no serious problem merge. One case that Koperasi faces is not all members and society use the Koperasi business and facilities. The collaboration of Koperasi with outside organizations or communities for resource management is seriously lacking, so the local potential can not be exploited optimally. In addition, the orientation of the Koperasi to exploit local resource specially to develop the potential of locally-based fisheries and other biological products is also fail. Koperasi has no ability to develop collaboration with the surrounding industry in delivering good quality and sustained volume of catching fish or other living marine resources for post-harvest processing.

CONCLUSION

It can be concluded that the factors that influence the Koperasi institutionalization building in Pamurbaya, Surabaya are internal and eksternal factors. The internal factors associated with weak leadership in concept and competence about Koperasi, the absence of doctrine, limited resources and role-jobs overlap in organization structure. In addition to internal factors, there are also external factors which also affect to weaken Koperasi instituzionalization building. It is indicated by the lack of collaboration between Koperasi and external institutions.

So this research gives suggestion: 1. For Koperasi managers: recruit the Koperasi leaders and managers who have concept and competencies to build Koperasi. 2. For the Surabaya City government: must give more resources and accompaniment to Koperasi so Koperasi can be repaired and increase the society welfare in Pamurbaya, Surabaya.

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