CORPORATE COOPERATION WITH COOPERATIVES IN THE AGRIBUSINESS SECTOR: AN ANALYSIS OF FORMS AND PROTECTION OF STATE LAW

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Abstract: This study aims to examine and analyze the form of cooperative relationships between companies and cooperatives that use the principle of partnership in agribusiness and how the legal protection of the state against cooperatives in cooperation with companies in the field of agribusiness.

This study uses normative juridical research methods. Normative juridical research is research that utilizes secondary data and primary data as the main data. This study uses an empirical juridical approach and a statutory approach, which in the discussion of this study will use descriptive analysis to describe the findings in the field. The results of the study indicate that at this time, cooperation between companies and cooperatives that use the principle of partnership in the field of agribusiness can be carried out in aspects such as capital, technology, marketing, production facilities, production processes, product processing, and so on, while the form of state legal protection that the state must implement against cooperatives in cooperation with companies in the agribusiness sector is in the form of preventive legal protection from the government, namely in terms of price determination, such as determining interest on capital loans to determine market prices.

Keywords: Partnership; Cooperative; Company

A. Introduction

In his book entitled “The Cooperative Movement in Indonesia,” Moh. Hatta argues that cooperatives are a joint effort to improve economic livelihoods based
onmutual help. Next Moh. Hatta argued that the cooperative movement symbolizes hope for the economically weak based on self-help and mutual support among its members, creating a sense of self-confidence and brotherhood. (Andjar Pacta W, 2007)

In contrast to what was said by Moh Hatta, Nindyo Pramono defines cooperatives from a terminological perspective, namely as an association or economic organization consisting of people or entities that provide freedom of entry and exit as members according to existing regulations, by working together in a family way to carry out an effort to enhance the physical well-being of its members. (Ridwan Khairandy, 2014)

Article 4 of Law Number 17 of 2012 concerning Cooperatives has clearly stated the purpose of cooperatives, namely improving the welfare of members in particular and society in general and being an inseparable part of a democratic and just national economic order. Cooperatives in principle can cooperate with other parties outside the cooperative. Of course, this cooperation must be based on the principle of mutually beneficial business. Cooperation between cooperatives and non-cooperative can be done in 2 (two) ways, namely: (Lestari & Kholil, 2018)

1. Forming a new forum that is a legal entity. This collaboration is mainly carried out by secondary cooperatives, especially the parent level, such as IKPN and several other parent cooperatives, which with their respective business partners form banks to improve services to their members, especially in providing credit and helping support the needs of members’ lives; and

2. Without forming a new forum that is a legal entity. Usually, the cooperation is in the form of a business partnership. For example, partnerships between cooperatives and large companies are more socially responsible for “help and foster” cooperatives.

Based on the form/type of cooperative cooperation mentioned in this study, the authors will discuss partnership cooperation in point 2. The company, as the owner of technology and capital, can establish cooperation with cooperatives. (Czernek-Marszalek, 2020) One form of cooperation that is widely used is a partnership. An example of a form of cooperation between a company and a cooperative is a partnership in Agribusiness. Partnerships in Agribusiness are expected to solve the deadlock of agribusiness actors at the community level who do not have primary capital, which becomes an obstacle in developing their business. (Li et al., 2020) This solution is implemented in partnership between local business actors such as farmers who are members of a cooperative forum and the company.

The partnership relationship between the two must reflect and have mutual respect between the company and the farmers. (Puteri & Kurniawan, 2017) Therefore, in this agribusiness partnership, it is hoped that all parties involved will not feel disadvantaged so that this form of cooperation can be ideal cooperation for the realization of economic independence for the community.

However, in practice, the cooperation did not entirely go well. This happened because several companies did not have good intentions. Farmers who, in this case, have a lower bargaining position than the Company are often the ones who are always disadvantaged due to a lack of understanding and ability to manage their business.

Problems that often arise at the level of practice in partnership cooperation between companies and farmers are problems regarding standard or standard agreements, where farmers do not have the freedom to negotiate the agreement’s contents in the cooperation, because as a party that has a low bargaining value.
Based on this fact, according to the author, the state needs to be present to protect farmers who are members of a cooperative cooperating with companies in the field of agribusiness. The role of the state is to control by issuing a policy that regulates this cooperation, so based on this, the author is interested in conducting this research, where what is expected in this research can provide knowledge about how forms of cooperative relationships can be implemented between companies and cooperatives that use the principle of partnership in the field of agribusiness, and what forms of legal protection are from the state to ensure the protection of cooperatives and companies in a cooperative relationship.

B. Formulation of Problems

Based on the above background, in principle, this article will try to provide a study and analysis that focuses on two discussions, where the two discussions are directed to examine how the form of cooperative relationships between companies and cooperatives that use the principle of partnership in the agribusiness sector? And how is the legal protection of the state against cooperatives in cooperation with companies in the field of agribusiness?

C. Metode Penelitian

This study uses a normative juridical research method, using secondary data and primary data as the primary data,(Arifin & Satria, 2020) on secondary data, including primary legal materials, secondary legal materials, and tertiary legal materials. Furthermore, this study uses an empirical juridical approach and a statutory regulation approach. In terms of discussion, this paper will use descriptive analysis to describe the findings in the field.

D. Discussion

1. Forms of cooperative relationships that can be implemented between companies and cooperatives that use the principle of partnership in the field of agribusiness

After Indonesia’s independence, precisely in 1945, the Indonesian economy was based on several thoughts or concepts from Moh. Hatta formulated several articles in the Constitution of the Republic of Indonesia, from now on referred to as the 1945 Constitution, especially those relating to the ideology of the country’s economy.(Cornelis Rintuh & Miar, 2003) The formulation of the 1945 Constitution is the result of the idea of Moh. Hatta reads, “The Indonesian economy is structured as a joint effort based on the principle of kinship.”(Sitepu & Hasyim, 2018)

The provision of Article 33 of the 1945 Constitution states that the Indonesian economy is structured as a joint effort based on the principle of kinship and is aimed at the prosperity of the people. In this case, the cooperative system embodies Article 33 of the 1945 Constitution, which seeks to prosper the community.(Abdulkadir Muhammad, n.d.) In Article 33 of the 1945 Constitution, the cooperative system refers to cooperatives that are business entities and an economic system that animates the Pancasila economy.

Law Number 17 of 2012 concerning Cooperatives defines cooperatives in article 1 paragraph (1), namely: “Cooperative is a legal entity established by an individual or a cooperative legal entity, with the separation of the wealth of its members as capital for
A cooperative business aims to meet the needs of its members or serve as a service to its members. Cooperatives realize economic democracy through togetherness, kinship, openness, responsibility, and democracy. Cooperatives have strategic positions, namely: (W., 2017)

a. Cooperatives as an economic institution of the people;
b. Cooperatives as a financial institution with a social character;
c. As one of the pillars of the national economy, cooperatives promote the welfare of members in particular and society in general and participate in building the national economic order to create an advanced, fair, and prosperous society.

In developing professional cooperative management, cooperatives can collaborate or partner with companies because, in this case, the company is the owner of technology and capital that can provide positive energy for the cooperative itself. A partnership is a business strategy carried out by two or more parties within a certain period to achieve mutual benefits and mutual benefits according to the principle of mutual need and complementarity according to the agreements that arise. Partnership cooperation generally involves large and small entrepreneurs intending to eliminate the gap in doing business. This situation or understanding cannot be separated from government policies regarding partnership cooperation. (Suci et al., 2017)

The Decree of the Minister of Agriculture Number 940 of 1997 states that partnership is business cooperation between partner companies and partner groups in agricultural business. The Decree of the Minister of Agriculture Number 944 of 1997 also states that business partnerships are an effort to cultivate partner groups in agribusiness-oriented agricultural development to improve business partnerships. Further, it is necessary to assess the level of business partner relationships to identify problems and opportunities for growth. One of the activities of this partnership includes aspects of:

a. Capital;
b. Technology;
c. Marketing;
d. Production Facilities;
e. Production Process;
f. Results Process, etc.;
g. Usually made in the form of an MoU (Memorandum of Understanding) agreement between agribusiness actors (groups, cooperatives, private, and BUMN [state-owned corporation]).

Apart from that, there are actors from the partnership, including, among others, farmers, farmer groups, combined farmer groups, cooperatives, and small businesses, and the focus of discussion in this paper in the form of partnerships between companies and cooperatives, especially in the field of agribusiness. In a cooperative or partnership relationship between companies and cooperatives, as mentioned above, there are several patterns used. Based on the literature review, there are five partnership patterns: the plasma core pattern, sub-contract pattern, general trading pattern, agency pattern, and operational cooperation partnership pattern of agribusiness (KOA). In the following, the authors will explain the pattern of cooperation: (Sumardjo, 2004)
1. **Plasma Core Pattern**

   It is a pattern of a partnership relationship between partner groups and partner companies, in which partner companies act as the core and partner groups as plasma. Partner companies work as core companies that accommodate, buy products, provide services, and guide farmers/partner groups. For example, where the core company provides land, production facilities, technical guidance, management, accommodates, processes and markets products. Meanwhile, the business partner group fulfills the company’s needs following the agreed requirements to have competitiveness and high selling value. (Bear & Rand, 2016)

2. **Sub-Contract Pattern**

   It is a partnership relationship between a partner group and a partner company in which the partner group produces components needed by the partner company as part of its production. The sub-contract pattern partnership has advantages that can encourage the creation of transfer of technology, capital, and skills and guarantee the marketing of the products of the business partner group. (Bear & Rand, 2016)

3. **General Trading Pattern**

   It is a partnership relationship between partner groups and partner companies, in which partner companies market the products of partner groups or partner groups supplying the needs of partner companies. The advantage of this pattern is that there is a guaranteed price for the product produced, and the quality follows what has been determined or agreed upon. While the weaknesses of this pattern are, among others, prominent entrepreneurs such as supermarkets determine unilaterally regarding prices and volumes, which often harm small entrepreneurs. (Hoffmann et al., 2018)

4. **Agency Pattern**

   It is a form of partnership relationship in which the partner group is given special rights to market the goods and business services of the partner company. The advantages of the agency pattern relationship, among others, are that agents can be the backbone and spearhead of marketing for large and medium-sized businesses.

5. **Operational Cooperation Partnership Pattern of Agribusiness (KOA)**

   It is a partnership relationship in which the partner group provides land, facilities, and labor. In contrast, the partner company provides costs or capital and/or facilities to cultivate or cultivate an agricultural commodity. There are several advantages of cooperative relationships between companies and cooperatives that use the principle of partnership in the agribusiness sector, including: (Rahmi et al., 2017)  
   a. Increasing the efficient use of resources and sources of funds originating from within the cooperative movement to create more precise multiples of usability;  
   b. Cooperatives as a formidable national economic force through the transfer of technological resources from one cooperative to another;  
   c. Fostering the growth of member and community trust in cooperatives through increasingly integrated efforts within a focused system scope;  
   d. Increasing the contribution of cooperatives to the formation of national production in a more focused manner;  
   e. Facilitating coaching and supervision between cooperatives with one another;  
   f. Defending itself against the actions of external parties to draw maximum benefit from a lively atmosphere gathering;  
   g. Promoting and developing both the members of the cooperative and the cooperative itself;  
   h. Increasing their bargaining power against third parties;
i. Guaranteeing the entry of raw materials if the purpose of the cooperation is to ensure the continuity of the input of raw materials;

j. Gaining benefits due to being able to operate on a large scale (economic of scale);

k. If similar organizations carry out the cooperation at the level of subordinates with the upper levels, and where in the field of business they can carry out vertical integration, it will be able to reduce transaction costs;

l. If the cooperation is carried out horizontally, it will increase their competitive ability against third parties. Cooperation between cooperatives can be carried out and establish a new forum with its legal entity. Cooperation between cooperatives can also be carried out without forming a new forum, such as projects or business partnerships.

From the discussion, some factors underlie the cooperation between cooperatives and companies, namely because of the similarity of interests, the awareness and needs of each actor that they are a group that does not want to be isolated. In addition to the willingness, this social cooperation is caused by a common goal.

2. Konsep perlindungan hukum negara terhadap kerjasama antara koperasi dan perusahaan

The government has an essential role in protecting the implementation of partnership cooperation between cooperatives and companies, namely in legal protection for the parties in implementing this partnership cooperation. Legal protection needs to be carried out by the state by carrying out preventive legal protection, preventive legal protection with the difference with repressive legal protection, and preventive legal protection emphasizes more on the prevention aspect. In contrast, repressive legal protection focuses more on law enforcement and enforcement. (Suryamizon, 2017) In connection with this research, preventive legal protection is used to prevent injustice in cooperation between cooperatives and companies that collaborate in agribusiness.

The state’s preventive legal protection in the implementation of cooperation between cooperatives and companies needs to be implemented, especially in matters relating to a series of activities in management, starting from the beginning of agreeing to post-production activities. Where in its activities, the state needs to be present to ensure whether the rights and obligations of the parties in this partnership agreement have been contained and implemented by both parties. The government’s form of preventive legal protection can also determine party prices and the ideal loan amount if the cooperation between the company and cooperative cooperates in the capital.

In the context of protection at the agreement stage, the government needs to intervene by regulating or as an intermediary between cooperatives and companies in making a cooperation agreement, because, in practice, the current partnership pattern is often a standard agreement or standard, where farmers who are members of cooperatives do not have the freedom to negotiate the contents of the agreement. (Purnaningsih, 2007)

This is what drives the urgency of the state as a party that guarantees the welfare of the people to be present to accommodate all the aspirations of the farmers and to bridge between the interests of the company and the farmers because most of them are people with minimal education, even illiteracy. This situation provides an opportunity
for naughty parties or elements to take advantage of the opportunity to take actions or actions or even in detrimental attitudes to farmers. (Saptana & Ashari, 2007)

The legal protection carried out by the state can be implemented if the state issues a legal policy, either at the ministerial level or at the local government level, which the scope of regulation includes regulates, among others, what criteria for companies and cooperatives are eligible for cooperation, rights, and the legal responsibilities of the parties, what conditions need to be fulfilled by each party, up to the settlement of the dispute in what form needs to be done if there is a default by one of the parties. (Sumardjo et al., 2016)

This provision is essential considering that at this time, there is still legal uncertainty, such as an example of legal uncertainty regarding the responsibilities of the parties, where the state needs to regulate what the legal liability of cooperatives is, if in the course of the cooperative suffers losses and cannot carry out its obligations to the company, it is necessary to be regulated considering that in Article 107 of Law Number 17 of 2012 concerning Cooperatives, it has expressly limited the liability of Cooperative members, as for Article 107 as referred to in Article 107, namely: Principal Deposit, Cooperative Capital Certificate, and/or Participating Capital owned. The explanation states that the cooperative loan capital from members is not included in the provisions.

E. Closing

Partnership cooperation relationship between cooperatives and companies covering aspects of Capital, Technology, Marketing, Production Facilities, Production Processes, Processing Results, and others. It is usually made in the form of an MoU agreement between agribusiness actors (groups, cooperatives, private, and BUMN). In this case, it must be done professionally by involving large and small entrepreneurs to eliminate the gap in doing business. Activities to cultivate partner groups in agribusiness-oriented agricultural development are expected to increase business partnerships. Therefore it is necessary to have a level of business partnership relationship that pays attention to the rights and obligations between the two parties so that the pattern of cooperation between entrepreneurs and cooperatives will be more profitable for the community of both sides. Then in doing cooperation, it is crucial, there is awareness and need from each of the actors that they are a group that does not want to be isolated. Besides the willingness, this social cooperation is caused by the similarity of goals. All forms of cooperation aim to defend themselves against the actions of outsiders by drawing the maximum benefit in partnering activities. The state needs to guarantee legal protection for the parties involved in the cooperation. Guarantee of legal protection from the state starting from the beginning of the agreement to post-production activities. In these activities, the state needs to ensure whether the rights and obligations of the parties in the partnership agreement have been contained in the agreement clause and implemented by both parties.

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