

Are the Ideology, Values, Principles, and Identity of Cooperatives Shifting? A Lesson from Indonesia

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Abstract

Cooperatives have been a foundation for the Indonesian economy, however, there is a change in their operations. Therefore, this study aims to comprehend the implementation of university cooperatives toward the dynamic changes and explores the shift in ideology, values, principles, and identity of cooperatives. This study used a qualitative study with a phenomenology approach and involved eight selected informants to be interviewed using semi-structured interviews. The results disclosed that there is cooperatives identity transformation, shifting in cooperative principles, and mutual cooperation practice. In addition, it found challenges in maintaining cooperative ideology and deliberation value in decision-making. Lastly, identity and relevance crises are also the main issues in the majority of cooperatives in Indonesia. The insights gained will enable some parties, including government, academics, practitioners, and members to jointly revitalize the cooperative spirit, and ideological substance, and assert its relevant values.

Keywords: *Cooperative Ideology, Cooperative Principles, Cooperative Values, Cooperative Identity.*

Introduction

Cooperatives are the social and economic entities that have long been known as instruments of community empowerment and driving the people's economy in many countries, such as Indonesia (Nasution et al., 2024). Cooperatives empower their members through shared ownership and democratic management to hold control over economic welfare in society (Ichsan et al., 2022). Preliminary works also noted that cooperatives are the main vehicle to enhance the competitiveness of small and medium enterprises, creating jobs, and supporting inclusive and sustainable economic development (Akhyadi & Sadikin, 2020; Suratman et al., 2024). However, as the global economic landscape changes, market liberalization, and technological transformation, cooperatives face significant challenges to their fundamental identity and operational principles (Siregar, 2020).

The concept of cooperatives, which was first introduced by Robert Owen in the early 19th century, is based on the ideas of mutual cooperation and economic democracy (Birchall, 1997). The fundamental principles of cooperatives, as formulated by the International Co-operative Alliance (ICA), include voluntary and open membership, democratic control by members, member economic participation, autonomy and independence, and concern for the community (Brouder, 2010). In the last few decades, there have been indications that cooperatives have experienced a significant shift from their original ideology, values, principles, and identity (Kumaratih & Sartono, 2020). Concerning Indonesia, it posits as the largest number of cooperatives in quantity but it cannot contribute to the economy in general (Trisniarti et al., 2022).

Previous works show that cooperatives in various parts of the world face a dilemma between maintaining their traditional values and adapting to increasingly competitive market demands (Ibrahim et al., 2024; Zhang et al., 2021). In addition, Bianchi (2021) observes that many cooperatives, especially in developed countries have to shift from a member-based model to a more market-oriented one. The change can be seen from the operational aspects and ideological core of cooperatives. Battilani and Schröter (2012) remarked that globalization and the intensification of market competition have pushed many cooperatives to adopt management practices that are more similar to capitalist companies.

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On the other hand, the advancement of digital technology has opened up new opportunities and challenges at the same time for the traditional cooperative model (Plotnikov & Anisimova, 2022; Cohen & Kietzmann, 2014). Cooperative platforms emerged as an alternative to the gig economy dominated by large technology companies that can also raise questions about how cooperative principles could be translated into a digital context (Scholz, 2017). Although there have been many theories about cooperative governance, they are still built on company assumptions in general. Therefore, asymmetric information, agency problems, and others are still dominant in the construction of cooperative governance (Liu et al., 2023).

This study aims to explore and analyze shifts that have occurred in the ideology, values, principles and identity of cooperatives based on recent studies (MANSOOR et al., 2021). Therefore, it will provide valuable insights for policy makers, cooperative practitioners, and academics to navigate the future of the cooperative movement amidst an ever-changing economic landscape. In paper, four research questions are proposed: (RQ1) How is the identity of cooperatives being redefined in the era of globalization and digitalization? (RQ2) How have cooperatives adapted their principles in this modern economy? (RQ3) What are the challenges in maintaining cooperative ideology? (RQ4) How are the practices of mutual cooperation and the principle of kinship implemented? (RQ5) What are the factors contributing to the identity and relevance crisis in cooperatives?

The structure of this paper is provided as follows. The next section deals with the methodology adopted. The following section provides the results of the interviews and discusses the main findings. The last section provides practical and theoretical implications and suggestions for future scholars.

Method

Design

This research used a phenomenological approach given the nature of the research questions to investigate shifts in cooperative ideology, values, principles, and identity among cooperatives in Indonesia. This approach was chosen as its ability to reveal the deep meaning of phenomena through the perspective of individuals who experience them directly. Fenomenologi hermenetis fokus mengkaji pada pengalaman subjektif individu atau kelompok (Kafle, 2011). A hermeneutic phenomenological approach will be used, recognizing that the researcher's understanding also plays a role in the interpretation of participants' experiences. This design allows the researcher to comprehend the participant's perspectives as well as to know the interpretation of the changing cooperative reality. In doing so, this research will reveal the essential structure of the phenomenon of shifting ideologies, values, principles, and identity of cooperatives in Indonesian cooperatives.

Data Collection, Informants, and Procedures

Data collection was performed by the lead author using semi-structured interviews with cooperative members and/or cooperative leaders who have experience in managing this organization. The informants were selected using a purposive method, which consists of 5-10 informants. The final sample (Table 1) consisted of eight chairmen, secretaries, supervisors, and member delegations. The interviews were performed using the native language of Bahasa Indonesia, with an average time of approximately 60 minutes. The measurement in this phenomenological context focuses on textural (what is experienced) and structural (how the phenomenon is experienced) descriptions of informants' experiences. The researcher conducted ongoing bracketing, documenting personal reflections to separate personal interpretations from informants' experiences. Ethical considerations have been approved by the committee ethics of Universitas Negeri Malang, including informed consent, confidentiality, and respect for informants' autonomy in sharing their experiences.

Table 1. Summary of Informants

No	Sex	Position	Information	Code
1	male	Chairman I	He has experience as a member envoy, envoy coordinator, secretary, and cooperative leader. currently informant is also the manager of PKPRI Malang.	W-IF-1
2	male	Secretary II	He has experience as a member envoy, envoy coordinator, and secretary. This informant has known cooperatives since becoming a civil servant at a state university in Malang	W-IF-2
3	male	Supervisor II	He has experience as a member envoy, envoy coordinator, and secretary. This informant has known cooperatives since becoming a civil servant at a state university in Malang	W-IF-3
4	male	Supervisor I	He has experience as a member envoy, envoy coordinator, and supervisor.	W-IF-4
5	male	Member Delegation	He has experience as a Member Messenger. This informant has known cooperatives since becoming a civil servant at a state university in Malang	W-IF-5
6	male	Chairman	He has experience as a Member Envoy, Envoy Coordinator, Secretary, and Cooperative Leader. Currently Informant is also the manager of PKPRI Malang.	W-IF-6
7	male	Member Delegation	He has experience as a Member Messenger. This informant has known cooperatives since becoming a civil servant at a state university in Malang	W-IF-7
8	male	Secretary	This informant has experience as a Member Envoy, Envoy Coordinator, Secretary, and Cooperative Leader. Currently Informant is also the manager of PKPRI Malang	W-IF-8

Data Analysis

For data analysis, this study followed the hermetic circle in hermenetic phenomenology, which is a form of analysis that is dialectical-triadic in nature. In triadic dialectics, thesis, anti-thesis, and synthesis are developed. Dialectic-triadic not only confirms data with context but also theoretical confirmation. The hermeneutic circle can be seen in Figure 1. The significance of the experience must be studied and expressed in the interpretation of the text. Important meaning can be found in the way of life, actions, stories, and reflections (Lindseth & Norberg, 2004). There is Pre-figuration (humans are formed by discourse and tradition), Configuration (by stating what moves us, then pre-understanding is transferred in a liberating expression), and Re-figuration (an expression that is open to new possibilities). The text is formed in the interaction between the researcher and the informant. They talk together, and they share mutual understanding. Dialogue is carried out between the past, present, and future.

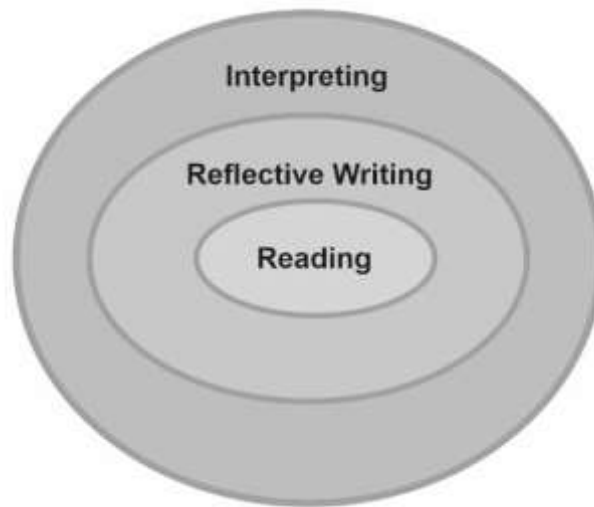


Figure 1. Hermeneutic Circle

Source: Kafle (2011)

Results and Discussion

Cooperatives Identity Transformation

The finding indicates that cooperative actors in Indonesia are experiencing a significant transformation in their understanding of cooperative identity. Participants described a shift from the concept of cooperatives as community-based entities focused on members' well-being, towards a more business-oriented model. Some participants expressed ambivalent feelings about these changes, expressing nostalgia for the traditional values of cooperatives while acknowledging the need to adapt to the demands of the modern economy. An informant mentioned that: "More and more, mutual cooperation in cooperatives is fading, everything is calculated economically and financially...(W-IF-1)". Further participants also expressed that "Relationships between members are relatively trapped in purely transactional relationships, kinship is increasingly declining...(W-IF-8)". It is also supported by another participant that "The implementation of deliberation in decision making is more procedural-formal than substantial (W-IF-4)". This theme repeatedly emerged indicates the tension between maintaining the essence of the cooperative and the need to survive in a competitive economic landscape.

Shifting in Cooperative Principles

This study also found that cooperative principles underwent reinterpretation in Indonesia's changing socio-economic context. Informants described how the principle of "voluntary and open membership" is now interpreted more selectively, with some cooperatives applying stricter membership criteria to ensure member commitment and contribution. For example, participant 1 (W-IF-1) explained that "Cooperatives are increasingly corporate-style, profit is the main goal. The social role is decreasing over time...(W-IF-5)". Apart from that, weak monitoring and regulatory mechanisms also worsen the situation and allow a shift towards cooperative principles. For example, the following is an interview excerpt: "There is almost no authority that has the authority to enforce the implementation of cooperative principles... (W-IF-7)". In addition, changes in social paradigms and competitive conditions also encourage significant deviations. From the basic values of cooperatives, as expressed by the following participant "It is increasingly difficult and pessimistic to implement cooperative principles in current competitive conditions...(W-IF-6)".

Challenges in Maintaining Cooperative Ideology

Research findings show that there are major challenges in maintaining cooperative ideology amidst economic pressures and changing regulations. Participants expressed their experiences in facing the dilemma between maintaining cooperative values and meeting the demands of economic growth. For example, a quote from Participant 3 (W-IF-3) stated that “Cooperative ideology seems difficult to get a place without fighting for it...”. Furthermore, participant 5 (W-IF-5) also agreed that “Cooperatives are not mainstream in an economic context, as an entity and ideology are always marginalized ...”. The results of interviews also found that research revealed that cooperative activists themselves seemed to focus more on operational business aspects rather than fighting for and deepening philosophical understanding of cooperative principles, as stated by Participant 8 (W-IF- 8) “There is almost no formation of understanding and awareness about cooperative ideology. Even cooperative activists are only busy running cooperative businesses...”. This condition reflects a situation where the cooperative ideology is not simply ignored, but is systematically degraded, losing its socioeconomic substance and significance.

Deliberation Value in Decision Making

This research reveals a significant erosion in deliberation practices among Indonesian cooperatives. Participants reported that the decision-making process was increasingly dominated by a handful of administrators or influential members, overriding the voice of the majority of members. “Cooperative education for members does not work, so deliberation is only a procedural formality, not substantial...(W-IF-3)”. In addition, the lack of cooperative education for members creates a situation where the majority of members do not have the capacity to understand and analyze financial reports, such as conveyed by Participant 5 (W-IF-5) “There are still many members who do not have the ability to utilize financial reports, let alone analyze them, how can they criticize the cooperative then...”. The same thing was conveyed by Participant 7 (W-IF-7) which stated that “In practice, many decisions are taken not in accordance with the principles of togetherness and deliberation, and no one protests. Everyone let...”

Mutual Cooperation Practice

Analysis of participants' experiences revealed the fading of mutual cooperation practices in cooperative operations. Many participants reported a reduction in joint activities and mutual assistance between members, which used to be at the core of the cooperative spirit. A cooperative member described that “Cooperation is limited to economic matters with mathematical-financial calculations...(W-IF-6)”. This indicates a shift from a solidarity-based model towards a more individualistic and personal gain-oriented approach. Another participant expressed concern that the loss of the spirit of mutual cooperation threatens the essence of cooperatives as a forum for strengthening each other economically and socially “Cooperation between cooperatives is still weak, making it difficult to realize cooperatives as a movement...(W-IF-8)”

Identity and Relevance Crisis

Research findings indicate a deep identity crisis among Indonesian cooperatives. Many participants expressed confusion and doubt about the relevance of the cooperative model in the modern economic context. For instance, a participant involved in this research reflected, “Cooperatives have experienced a substantial decline at the level of ideology, values, principles, and identity. And unfortunately, there is no improvement movement for that... (W-IF-2)”. This experience illustrates the internal struggle that many cooperatives face in defining their role and identity amidst the changing economic and social landscape. Another participant also commented that “Who actually has the authority to enforce the ideology, values, principles, and identity of cooperatives, if the cooperative ministry only assesses economic performance alone... (W-IF-7)”.

Discussion

The research findings reveal the complexity of fundamental shifts in the cooperative ecosystem. First, the results of this research have identified a shift in cooperative principles in decision-making practices and

internal organizational mechanisms. Deliberation, which should be the main mechanism in cooperatives, has now turned into a formal procedure that has lost the participative substance of its members. Cooperatives are only seen as purely economic entities. There is a perception that not only cooperative members (co-operators) but even cooperative administrators and supervisors also have this understanding and perception, namely that cooperatives are merely economic entities or business entities. The true identity of cooperatives (deliberation, kinship, and mutual cooperation) which should be built through cooperative management in accordance with ideology, values, principles, and identity does not occur.

The low educational capacity of cooperatives has created a gap in abilities among members where most are unable to critically read and analyze financial reports. As a consequence, decision-making tends to be monopolized by a small group of individuals, ignoring the principle of togetherness. Of course, this is not in line with the main principle of cooperatives which prioritizes deliberation in decision-making (Altman, 2020). Furthermore, maintaining cooperative ideology faces complex systemic challenges. Cooperatives are no longer seen as significant economic entities in mainstream discourse but are marginalized from the perspective of contemporary capitalism (Soetens & Huybrechts, 2022).

Crises of consciousness are important because they focus more on operational aspects of business rather than deepening philosophical understanding (Valentinov & Iliopoulos, 2024). This will drive to degradation which will endanger the sustainability of the cooperative movement. The absence of a strong narrative makes cooperatives mere economic instruments without meaningful ideological content. The main challenge is not just fighting for existential space, but rather restoring and strengthening collective awareness about the philosophical significance of cooperatives.

The following findings show that cooperative identity cannot be interpreted simply as a structural phenomenon but rather as a reflection of broader socio-economic transformations. This research is in line with the thinking of Ribas et al. (2022) which states that cooperatives are efficient and align with their socio-economic members and prosperity. The practice of mutual cooperation which is the backbone of cooperative ideology is now experiencing erosion due to individualism and market competition. This research underlines the need for reconstruction starting from aspects of education, regulations and internal organizational mechanisms (Wiksell, 2020). Cooperatives need an adaptive strategy that is able to maintain its basic principles while being responsive to modern economic dynamics.

Research findings are used as material to construct a model by discussing the findings with several theories, namely: (1) Action Communication Theory (Habermas, 1984); where the communication pattern that can give birth to participation is equal communication, (2) Heidegger (2011) concept of being; where humans (in this context co-operators) understand, behave, act and behave with an orientation to “being”, then co-operators are actually on a journey to express and exist in their cooperative, (3) Pierre Bourdieu’s Concepts of Habitus, Capital, Field, and Practice (Maton, 2014); where co-operators in carrying out practices (social actions) are determined by habitus, capital (economic capital, social capital, cultural capital and symbolic capital) at stake in the social arena (field).

Hence, the construction of the governance model that is expected is governance that integrates the ideology, values, principles, and identity of cooperatives into governance that guarantees equality of communication, the process of “being” of co-operators can occur well as well as social practices (cooperatives) in social arenas in which there is a diversity of habitus and modalities can also occur well (Kiss & Rácz, 2024). The existence of this model is expected to make cooperatives an entity that has business commitments (profit), social commitments (people), and environmental commitments (planet) that are in harmony, cooperatives that operate in accordance with the identity of cooperatives that are in accordance with ideology, values, and principles as well as the existence of principles. A prior study also underlined that kinship, deliberation, and mutual cooperation still manifest in cooperative managerial decisions and actions (Fisktjønmo et al., 2021).

Conclusion

Motivated by the observation of the shift of cooperatives, this study set out to explore the questions of are the ideology, values, principles, and identity of cooperatives shifting. Important lesson can be learnt from the implementation of cooperatives in Indonesia is that there is a shift in there is cooperatives identity, cooperative principles, and mutual cooperation practice. In addition, it found challenges in maintaining cooperative ideology and deliberation value in decision-making. Lastly, identity and relevance crises are also the main issues in the majority of cooperatives in Indonesia.

Implication

The research findings provide implications for the urgent need for systemic reconstruction in the governance, education, and organizational culture of cooperatives. This research provides a significant theoretical contribution to understanding the dynamics of cooperative institutional transformation in the Indonesian context in identifying the factors causing ideological shifts. Meanwhile, the practical implication is the need for comprehensive intervention from various stakeholders to restore and strengthen the basic principles of cooperatives starting from strengthening members' educational capacity, and reforming decision-making mechanisms, to developing adaptation strategies that are responsive to contemporary economic challenges. Future projections require a multi-actor commitment: government, academics, practitioners, and members to work together to revitalize the cooperative spirit, restore its ideological substance, and emphasize its relevance in the contemporary economic ecosystem.

Future Directions and Limitations

The limitations of this research lie in the geographical scope which is limited to cooperatives in Malang, East Java of Indonesia, with limited informants as well. Future researchers can develop comparative studies across regions, using mixed-method research with a combination of qualitative and quantitative approaches and expanding the scope of the investigation into cooperative education, leadership dynamics, and cooperative adaptation strategies.

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