

Received: 28 April 2026

Revised: 15 July 2026

Accepted: 18 August 2026

Published: 24 October 2026

DOI: 10.59891/jpmgotava.v4i2.44

RESEARCH ARTICLE •

Early-Stage Implementation of the Merah Putih Cooperative: Governance Readiness for Community Economic Empowerment in Towuntu Village, Southeast Minahasa

Margaretha Rundengan^{1*} | Edryl Henok Prasetya Ponggohong² | Friska J. Papia³

¹ Business Administration, Department of Business Management, Manado State Polytechnic, Manado, Indonesia

² Business Administration, Department of Business Management, Manado State Polytechnic, Manado, Indonesia

³ Business Administration, Department of Business Management, Manado State Polytechnic, Manado, Indonesia

CORRESPONDING AUTHOR

Margaretha Rundengan

Manado State Polytechnic, Jalan Raya Politeknik, Buha, Mapanget, Manado 95252, Indonesia

Email: margaretha.rundengan@polimindo.ac.id

ORCID

[0009-0007-8240-6133](https://orcid.org/0009-0007-8240-6133)

ARTICLE INFORMATION

Pages: 42–48

Language: English

Citation: 2017-2026

Abstract

The Merah Putih Cooperative Program is a national initiative to strengthen village-level economic institutions under Presidential Instruction No. 9 of 2025. This study examines early implementation in Towuntu Village, identifies enabling and constraining factors, and assesses governance readiness for future community economic empowerment. A descriptive qualitative single-case study combined semi-structured interviews, participant observation, and document review. Fourteen informants represented village officials, cooperative managers, active members, community leaders, and a district cooperative-agency facilitator. Data were analyzed thematically using the interactive model of Miles, Huberman, and Saldaña, supported by source and methodological triangulation and member checking. Participants reported that the cooperative had completed formal establishment but had not begun substantive operations. Limited capital and the absence of premises were immediate resource constraints, while the lack of post-establishment member meetings, agreed business plans, clear responsibilities, accountability arrangements, sustained technical assistance, and coordination indicated broader governance-readiness gaps. Favorable community acceptance and gotong royong represented potential social resources, although their contribution to long-term sustainability remains untested. Members reported no economic benefits at this pre-operational stage; program impact could therefore not be evaluated. The findings highlight the need for a phased, member-led governance-readiness process before business services are activated and empowerment outcomes assessed.

KEYWORDS Merah Putih Cooperative; governance readiness; policy implementation; economic empowerment; village cooperative

HIGHLIGHTS

- The Towuntu Village Merah Putih Cooperative has been formally established, but member governance and business activities are not yet operational.
- Capital and premises constrain operations; member meetings, business planning, accountability, technical assistance, and coordination are also required for governance readiness.
- Community acceptance and gotong royong may support future participation, but their contribution to long-term sustainability requires longitudinal evidence.

INTRODUCTION

The Merah Putih Cooperative Program is a strategic initiative of the Government of Indonesia to accelerate the establishment and development of cooperatives at the village and urban-village levels. Presidential Instruction No. 9 of 2025 directs ministries, government agencies, governors, and regents or mayors to coordinate the establishment, development, and revitalization of Koperasi Desa/Kelurahan Merah Putih (Kemensetneg, 2025a). Provincial and district or municipal governments are responsible for facilitation, coordination, monitoring, reporting, guidance, and supervision. Nevertheless, cooperatives remain member-based organizations whose internal governance depends on member deliberation, management accountability, agreed business priorities, and operational capacity (Byrne et al., 2023; Liu et al., 2024; National Committee on Governance Policy, 2022). Ministerial guidance on cooperative formation and Minister of Cooperatives Regulation No. 2 of 2025 address establishment procedures and business development, respectively (Kemenkop RI, 2025a, 2025c). Presidential Decision No. 9 of 2025 also establishes task forces at national, provincial, and district or municipal levels to coordinate implementation (Kemensetneg, 2025b). This distinction between external policy facilitation and internal cooperative governance is central: formal establishment does not necessarily mean that member governance and business activities are functioning (Marta et al., 2026; Mauludin et al., 2025).

Towuntu Village is located in Pasan District, Southeast Minahasa Regency, where agriculture, fisheries, and small-scale trade are part of the regional economy (BPS Minahasa Tenggara, 2024). Livelihood patterns and the rural setting provide the study context; no assumptions are made about household income or financial access in the absence of measured indicators. During the study period, the Towuntu Village Merah Putih Cooperative had been formally established but had not commenced business activities. This setting provides an opportunity to examine the gap between administrative establishment and operational readiness.

The study addresses an implementation issue beyond the characteristics of a particular village: formal institutional establishment may precede the organizational capacity required to deliver services and enable members' economic participation. The analytical framework draws on four policy-implementation dimensions—communication, resources, implementer disposition, and bureaucratic structure (Marta et al., 2026; Noho, 2026)—and adds indicators of cooperative governance readiness: member authority and meetings, role clarity, business planning, accountability, operational capacity, and interinstitutional coordination (Nasangwe et al., 2025; National Committee on Governance Policy, 2022; Syam et al., 2025). Social capital is examined as a potential enabling condition, reflected in norms of reciprocity, gotong royong (mutual cooperation), community acceptance or trust, and willingness to participate collectively, rather than as an established program outcome (Umar et al., 2024; Wulandhari et al., 2022). Economic empowerment is examined through initial accounts of income, access to capital, and business development without attributing causal effects to the cooperative (Ma et al., 2023; Taniu et al., 2024; Toiba et al., 2024). Accordingly, this study aims to (1) analyze the early-stage implementation of the Merah Putih Cooperative Program in Towuntu Village; (2) identify enabling and constraining factors across policy, resource, governance, and social dimensions; and (3)

assess governance readiness and early conditions relevant to future community economic empowerment.

METHODS

Design and Setting

This research employed a descriptive qualitative single-case study design to examine policy implementation in its institutional context (Creswell & Creswell, 2022; Yin, 2018). The case was bounded geographically by Towuntu Village, Pasan District, Southeast Minahasa Regency; institutionally by the Towuntu Village Merah Putih Cooperative and its relationships with village and district authorities; and temporally by the initial period following establishment in 2026. The site was selected because the cooperative had been formally established while member governance was still developing and business operations had yet to begin. The study was not intended to generate statistically generalizable findings.

Participants and Data Collection

Participants were selected purposively to capture perspectives directly associated with cooperative establishment, management, membership, community life, and institutional facilitation. Fourteen informants were interviewed: one village official, three cooperative managers, six active cooperative members, three community leaders, and one facilitator from the district cooperative agency. Although two facilitators had been planned, only one was interviewed. That account was used to complement cross-group triangulation and was not treated as sufficient to establish saturation within the facilitator category. For the other four groups, information adequacy was assessed by stakeholder representation and recurrence of key issues across interviews. Data were collected through semi-structured in-depth interviews, participant observation, and document review. Interviews were audio-recorded with participants' consent and transcribed. Document review focused on records of cooperative establishment and governance, relevant regulations, and activities associated with the establishment stage. No operational financial statements or minutes of post-establishment general member meetings were available, as neither business activities nor those meetings had begun.

Data Analysis

Data were analyzed using the interactive model of Miles, Huberman, and Saldaña (2019), comprising data condensation, data display, and conclusion drawing and verification. Thematic coding combined deductive categories derived from the research questions and the policy-implementation and cooperative-governance frameworks with inductive categories emerging from recurrent patterns in participants' accounts. The first author performed the initial condensation of field data; the second reviewed the thematic groupings and evidence matrices. Five analytical constructs guided interpretation: (1) implementation stage, distinguishing formal establishment from functioning governance and business activity; (2) internal governance, encompassing member meetings, decision-making, role clarity, accountability, and business planning; (3) social capital, reflected in mutual cooperation, community acceptance or trust, and willingness to participate; (4) institutional support, including facilitation, technical assistance, coordination, monitoring, and guidance; and (5) early economic-empowerment conditions, including reported changes in income, access to capital, and business development. Evidence was organized in stakeholder-by-

theme matrices. Where accounts differed, interpretation considered the informants' direct involvement and available observational or documentary evidence; unresolved differences were retained as findings. Credibility was strengthened through source triangulation, methodological triangulation, and member checking.

Research ethics

The study was conducted with administrative permission from the village government and cooperative management. Participants received an explanation of the research and provided verbal informed consent before interviews and audio recording. Names were not reported, and broad stakeholder categories were used to reduce the risk of indirect identification. No institutional ethics-committee approval or formal exemption determination was reported.

RESULTS

Fourteen informants representing five stakeholder groups participated in the study. As shown in Table 1, the planned sample was achieved for village officials (1/1), cooperative managers (3/3), active members (6/6), and community leaders (3/3). Only one of the two planned district cooperative-agency facilitators participated (1/2). The facilitator's account was therefore used as an additional institutional perspective, triangulated with the other four groups, rather than as a comprehensive representation of district facilitators' views.

TABLE 1 Research informants by stakeholder group: actual and planned

Stakeholder group	Actual	Planned
A. Village officials	1	1
B. Cooperative managers	3	3
C. Active cooperative members	6	6
D. Community leaders	3	3
E. District cooperative-agency facilitator	1	2

Source: Primary data (interviews, 2026).

Data condensation produced ten thematic categories organized around the three research questions. The implementation process covered dissemination and establishment, internal governance, initial resources and capital, and business activities. Enabling and constraining conditions comprised community participation, gotong royong and local social norms, capital and premises, and institutional or technical support. Economic-empowerment readiness and early perceived conditions comprised reported economic benefits and community acceptance. These categories were interpreted in relation to communication, resources, institutional structure, stakeholder disposition, and governance readiness.

Village officials and cooperative managers reported that outreach was conducted in March 2026 and formal establishment took place in May 2026. Selection of the cooperative board was also described as part of the establishment process. However, information on participation eligibility, representation or quorum, and voting procedures was insufficient for a comprehensive assessment of procedural compliance. Managers and members reported that no general member meeting had been convened after establishment, savings-and-loan services and other business activities had not begun, and operating capital was unavailable. The district cooperative-agency facilitator likewise identified financing and institutional constraints. Thus, reported

formal establishment had not been followed by functioning member governance or business operations.

Limited capital and the absence of dedicated business premises or office space were identified across all five stakeholder groups as immediate barriers to operational preparation. Community leaders emphasized commitment, gotong royong, and generally favorable acceptance of the cooperative. These characteristics indicate potential social resources but do not demonstrate sustained participation. The district facilitator stated that technical assistance remained concentrated on socialization and establishment, while coordination among the cooperative agency, village government, and management had not yet become effective. Beyond shortages of capital, premises, and assistance, the findings indicate a broader governance-readiness gap: member deliberation, agreed business priorities, operational responsibilities, accountability arrangements, and coordinated technical support were not yet functioning as an integrated system.

Regarding early economic-empowerment conditions, all six active members and three community leaders reported that they had not yet perceived improvements in income, access to capital, or business development associated with the cooperative. As the cooperative had not started operations and neither baseline outcome data nor transaction records were available, these accounts describe perceived conditions at the time of data collection, not an estimate of program impact. Informants described generally favorable community acceptance and did not report program-related social conflict during the study period. These observations indicate contemporaneous attitudes, not attributable social impacts.

Triangulation showed convergence across stakeholder groups on the cooperative's non-operational status, resource constraints, and absence of perceived economic benefits. Differences emerged regarding institutional support: village-level informants viewed district assistance more favorably than the district facilitator assessed the intensity of technical guidance. Managers' accounts of member involvement also contrasted with members' reports that no general meeting had taken place after establishment. These differences were retained as distinct stakeholder perspectives rather than combined into a single assessment.

DISCUSSION

The Towuntu case illustrates that policy-driven institutional establishment and internal operational governance are related but distinct processes. Presidential Instruction No. 9 of 2025 calls for accelerated cooperative establishment, development, and revitalization through coordination among national and subnational institutions (Kemasetneg RI, 2025a). In Towuntu, outreach and formal establishment were reported as completed, yet the organizational and resource conditions required to initiate business activities remained inadequate. The absence of post-establishment member meetings, agreed business activities, operating capital, and sustained technical assistance indicates that administrative institutionalization had not translated into operational readiness grounded in member decision-making. This represents an implementation gap in which formal establishment precedes the governance capacity needed to deliver cooperative services (Marta et al., 2026; Mauludin et al., 2025).

The social-capital findings encompass three related but distinct elements: norms of reciprocity and collective action expressed through gotong royong; favorable community acceptance as a

possible early indication of trust; and a stated willingness to participate in collective activities. These elements should not be reduced to a single indicator because social capital can support collaboration, transparency, and resilience through different mechanisms (Wulandhari et al., 2022). In Towuntu, they may facilitate cooperative development, consistent with research on member engagement, trust, and participatory governance (Byrne et al., 2023; Syam et al., 2025; Umar et al., 2024). However, sustained participation, the persistence of trust under business risks, and organizational sustainability cannot be established before operations begin. Their assessment requires longitudinal observation of member participation, meeting attendance, capital contributions, governance compliance, transaction continuity, and adaptive problem-solving.

The absence of measurable economic benefits is consistent with the cooperative's developmental stage and should not be interpreted as program failure or evidence of ineffectiveness. Studies of operating cooperatives have examined effects on members' income and welfare (Mojo et al., 2017; Taniu et al., 2024; Toiba et al., 2024), but direct numerical comparisons with a recently established cooperative that has yet to conduct substantive business would be methodologically inappropriate, particularly given the heterogeneous outcomes documented in the cooperative literature (Ma et al., 2023). The present case instead identifies organizational and temporal conditions that must be addressed before economic outcomes can reasonably be expected or evaluated. Longitudinal research following the start of operations should examine members' income, access to finance, business activities, transaction volumes, participation, and service use, allowing governance-readiness indicators to be distinguished from realized empowerment outcomes.

Practical Implications and Sustainability

The findings support a phased approach to governance readiness because capital or business premises alone will not ensure cooperative operation. First, members should collectively authorize business priorities and determine the order in which activities will be developed (Liu et al., 2024; National Committee on Governance Policy, 2022). Second, the cooperative should establish clear meeting procedures, decision-making authority, management responsibilities, accountability, basic internal controls, and reporting arrangements (Nasangwe et al., 2025). Third, these decisions should be translated into a feasible business plan addressing capital needs, premises, staffing capacity, operational risks, and legally permissible funding sources under applicable financing rules (Kemenkop RI, 2025b). Research on coordination between village-owned enterprises and Merah Putih cooperatives emphasizes the importance of clearly defined institutional relationships; it does not establish that any specific source of funding is available to the Towuntu cooperative (Hadi et al., 2026). Fourth, the district cooperative agency, village government, and cooperative management should agree on ongoing coordination and technical assistance beyond initial socialization. Pilot services and monitoring of economic indicators should follow once governance and business-feasibility requirements are sufficiently established.

LIMITATIONS

This study has five limitations. First, because the cooperative had not begun operations, neither economic outcomes nor program impacts could be assessed. Second, the single-case design provides

contextual insight rather than statistically generalizable findings. Third, the observation period was too early to evaluate sustained participation, business performance, or institutional resilience. Fourth, only one of the two planned district facilitators was interviewed, limiting the range of perspectives from that stakeholder group. Fifth, incomplete procedural records of the establishment and governance processes limited independent corroboration of some retrospective accounts. Future longitudinal research should examine member participation, operational transactions, governance practices, and economic outcomes after business activities commence.

CONCLUSION

The Towuntu Village Merah Putih Cooperative had reached formal establishment, as reported by village officials and cooperative managers, but had not achieved operational readiness. Although outreach and board selection were reported, no post-establishment general member meeting or business activity had taken place. Insufficient working capital and premises, alongside incomplete business planning, internal accountability, technical assistance, and institutional coordination, constrained the transition to operations. The main finding is thus a gap between policy-driven institutional formation and functional, member-led governance. Positive community acceptance and gotong royong may support subsequent collective action, but sustained participation and economic benefits cannot yet be established. The cooperative should prioritize member deliberation on business activities, clarify decision rights and management accountability, prepare a feasible business and financing plan, and establish coordinated technical assistance with the relevant government agencies. Pilot services and routine monitoring of member participation, transactions, and economic indicators should begin only after these governance and operational requirements are met. Subsequent research should track whether this readiness process leads to sustained operations and measurable benefits for members.

DECLARATIONS

Author contributions. Margaretha Rundengan: conceptualization, methodology, investigation, and writing of the original draft. Edryl H. P. Ponggohong: data curation, formal analysis, and review of the manuscript. Friska J. Papia: editing of the manuscript.

Funding. This research was supported under the Basic Research for Vocational Products (Penelitian Dasar Produk Vokasi) scheme for the 2025/2026 period.

Ethics, participation, and publication. Administrative permission was obtained from the village government and cooperative management. Participants provided verbal informed consent before interviews and recording, and identifying names were excluded from reporting. No ethics-committee approval or formal exemption determination was reported.

Data availability and competing interests. Interview transcripts may be requested from the corresponding author, subject to confidentiality safeguards. The authors declare no competing interests.

ACKNOWLEDGMENTS

The authors thank the Towuntu Village Government, the management and members of the Towuntu Village Merah Putih Cooperative, the Southeast Minahasa Regency Cooperative Agency, and all research participants for their contributions.

REFERENCES

- BPS Minahasa Tenggara. (2024). Kabupaten Minahasa Tenggara dalam angka 2024 [Southeast Minahasa Regency in figures 2024]. <https://mitrakab.bps.go.id/id/publication/2024/02/28/894d93b1b8cae66017945454/kabupaten-minahasa-tenggara-dalam-angka-2023-2024.html>
- Byrne, N., McCarthy, O., & O'Loughlin, D. (2023). An exploration of the relationship between member openness and perceived organisational openness at a particular point in the co-operative lifecycle. *Journal of Co-operative Organization and Management*, 11(2), Article 100218. <https://doi.org/10.1016/j.jcom.2023.100218>
- Creswell, J. W., & Creswell, J. D. (2022). *Research design: Qualitative, quantitative, and mixed methods approaches* (6th ed.). SAGE Publications. <https://www.sagepub.com/shop/buy-a-book/research-design-6-270550>
- Hadi, S., Amin, R. M., Febrina, R., Marta, A., Ferlan, M., & Mento, M. E. (2026). A partnership framework for village-owned enterprises and Red-and-White rural/urban village cooperatives in supporting the Green Village Program toward a green village economy in Siak Regency. *Nakhoda: Jurnal Ilmu Pemerintahan*, 25(1), 15–28. <https://doi.org/10.35967/njip.v25i1.906>
- Liu, Z., Qu, J., Wu, X., Niu, X., & Feng, S. (2024). Improving member satisfaction with cooperatives: The role of participation in governance. *Annals of Public and Cooperative Economics*, 95(3), 703–722. <https://doi.org/10.1111/apce.12456>
- Ma, W., Hong, S., Reed, W. R., Duan, J., & Luu, P. (2023). Yield effects of agricultural cooperative membership in developing countries: A meta-analysis. *Annals of Public and Cooperative Economics*, 94(3), 761–780. <https://doi.org/10.1111/apce.12411>
- Marta, A., Amin, R. M., Febrina, R., Hadi, S., Ferlan, M., & Mento, M. E. (2026). Bridging the policy gap of Koperasi Desa/Kelurahan Merah Putih (KDMP): From national design to village level practices. *Otoritas: Jurnal Ilmu Pemerintahan*, 16(1), 61–82. <https://doi.org/10.26618/ojip.v16i1.19676>
- Mauludin, N. A., Wahyudi, A., & Ulum, H. (2025). Legal policy model of the Red and White Village Cooperative (KDMP): Implementation factors and comparative insights from Brazil, Denmark, and Japan. *Jurnal IUS Kajian Hukum dan Keadilan*, 13(3), 682–707. <https://doi.org/10.29303/ius.v13i3.1894>
- Miles, M. B., Huberman, A. M., & Saldaña, J. (2019). *Qualitative data analysis: A methods sourcebook* (4th ed.). SAGE Publications. <https://study.sagepub.com/miles4e>
- Kemenkop RI. (2025a). Peraturan Menteri Koperasi Nomor 2 Tahun 2025 tentang Pengembangan Usaha Koperasi Desa/Kelurahan Merah Putih. *Berita Negara Republik Indonesia Tahun 2025 Nomor 694*. <https://peraturan.bpk.go.id/Details/329446/permenkop-no-2-tahun-2025>
- Kemenkop RI. (2025b). Peraturan Menteri Koperasi Nomor 9 Tahun 2025 tentang Penyaluran Pinjaman atau Pembiayaan Dana Bergulir kepada Koperasi Desa/Kelurahan Merah Putih. <https://peraturan.bpk.go.id/Details/343643/permenkop-no-9-tahun-2025>
- Kemenkop RI. (2025c). Petunjuk Pelaksanaan Menteri Koperasi Republik Indonesia Nomor 1 Tahun 2025 tentang Pembentukan Koperasi Desa/Kelurahan Merah Putih. https://jdih.kop.go.id/doc/detail/doc-1168-v_peraturan
- Mojo, D., Fischer, C., & Degefa, T. (2017). The determinants and economic impacts of membership in coffee farmer cooperatives: Recent evidence from rural Ethiopia. *Journal of Rural Studies*, 50, 84–94. <https://doi.org/10.1016/j.jrurstud.2016.12.010>
- Nasangwe, B., Okello, D. O., & Gathungu, E. W. (2025). Factors that influence the implementation of corporate governance practices in agricultural cooperatives in Ngozi province, Burundi. *Discover Agriculture*, 3, Article 170. <https://doi.org/10.1007/s44279-025-00238-z>
- National Committee on Governance Policy. (2022). Indonesian general guidelines for cooperative governance (PUG-KOPIN). <https://knkg.or.id/wp-content/uploads/2024/09/PUG-KOPIN-ENG-VERS.pdf>
- Noho, F. (2026). Efektivitas implementasi kebijakan Koperasi Desa Merah Putih dalam pembangunan ekonomi desa di Indonesia. *Jurnal Kebijakan dan Pelayanan Publik*, 13(2), 48–57. <https://doi.org/10.66475/fisip.v13i2.1209>
- Kemensetneg RI. (2025a). Instruksi Presiden Republik Indonesia Nomor 9 Tahun 2025 tentang Percepatan Pembentukan Koperasi Desa/Kelurahan Merah Putih. <https://peraturan.bpk.go.id/Details/316750/inpres-no-9-tahun-2025-percepatan-pembentukan-koperasi-desakelurahan-merah-putih>
- Kemensetneg RI. (2025b). Keputusan Presiden Republik Indonesia Nomor 9 Tahun 2025 tentang Satuan Tugas Percepatan Pembentukan Koperasi Desa/Kelurahan Merah Putih. <https://peraturan.bpk.go.id/Details/343434/keppres-no-9-tahun-2025-satuan-tugas-percepatan-pembentukan-koperasi-desakelurah>
- Syam, A. A., Afdal, A. A. A. M., & Jusran. (2025). Governance of the Merah Putih Village Cooperative: Review of membership policies, governance, and community participation. *Kybernology: Journal of Government Studies*, 5(2). <https://doi.org/10.26618/j8f43g82>
- Taniu, S., Sari, D. W., Satria, D., Haryanto, T., & Wardana, W. W. (2024). Impact evaluation of cooperative membership on welfare: Evidence from captured fishery households in Indonesia. *Marine Policy*, 159, Article 105923. <https://doi.org/10.1016/j.marpol.2023.105923>
- Toiba, H., Rahman, M. S., Hartono, R., & Retnoningsih, D. (2024). Improving dairy farmers' welfare in Indonesia: Does cooperative membership matter? *Annals of Public and Cooperative Economics*, 95(4), 1003–1019. <https://doi.org/10.1111/apce.12471>

- Umar, I. M., Mustafa, H., Sidek, S., & Lau, W. Y. (2024). Moderating role of trust in the relationship between corporate governance and performance of agricultural cooperatives in Nigeria. *Social Sciences & Humanities Open*, 9, Article 100831. <https://doi.org/10.1016/j.ssaho.2024.100831>
- Wulandhari, N. B. I., Gölgeci, I., Mishra, N., Sivarajah, U., & Gupta, S. (2022). Exploring the role of social capital mechanisms in cooperative resilience. *Journal of Business Research*, 143, 375–386. <https://doi.org/10.1016/j.jbusres.2022.01.026>
- Yin, R. K. (2018). *Case study research and applications: Design and methods* (6th ed.). SAGE Publications. <https://study.sagepub.com/yin6e>