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PROBLEMS OF THE LEGAL STATUS OF THE MERAH PUTIH VILLAGE/SUB-DISTRICT COOPERATIVE IN THE VILLAGE GOVERNMENT SYSTEM: LEGAL CERTAINTY, VILLAGE AUTONOMY, AND INSTITUTIONAL OVERLAP

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Muharman Lubis[1*], Egi Al Fansyah[2]

[1*]Open University, Email: muharmanlubis@telkomuniversity.ac.id
[2]Telkom University, Email: egialfansyah@student.telkomuniversity.ac.id

*email koresponden: muharmanlubis@telkomuniversity.ac.id

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Abstract

This study aims to explore the role of the Merah Putih Cooperative in addressing legal issues and challenges in villages, particularly after the enactment of Village Law Number 6 of 2014. The research method used is descriptive qualitative with a literature study approach. Data were analyzed through content analysis and thematic synthesis from various sources such as journals, legal articles, and regulatory documents. The results show that the dynamics of village law are influenced by conflicts of authority, low community participation, limited administrative capacity, and inconsistencies between positive law and customary law. The Merah Putih Cooperative, as a cooperative model that upholds the values of nationalism and mutual cooperation, has the potential to increase village economic competitiveness, strengthen community participation, provide legal assistance, and encourage the implementation of good governance principles. This study suggests the need for synergy between village governments, cooperatives, and communities through the development of clear regulations, training of village officials, utilization of information technology, and cross-sector collaboration to realize inclusive and sustainable village development.

Keywords : Merah Putih Village/Urban Village Cooperative, Legal Status, Legal Certainty, Village Autonomy, Institutional Overlap.

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Abstrak

Penelitian ini bertujuan untuk mengeksplorasi peran Koperasi Merah Putih dalam menghadapi isu dan tantangan hukum di desa, terutama pasca pemberlakuan Undang-Undang Desa Nomor 6 Tahun 2014. Metode penelitian yang digunakan adalah deskriptif kualitatif dengan pendekatan studi literatur. Data dianalisis melalui analisis konten dan sintesis tematik dari berbagai sumber seperti jurnal, artikel hukum, dan dokumen peraturan perundang-undangan. Hasil penelitian menunjukkan bahwa dinamika hukum desa dipengaruhi oleh konflik kewenangan, rendahnya partisipasi masyarakat, keterbatasan kapasitas administratif, dan ketidaksesuaian antara hukum positif dengan hukum adat. Koperasi Merah Putih, sebagai model koperasi yang mengusung nilai kebangsaan dan gotong royong, berpotensi untuk meningkatkan daya saing ekonomi desa, memperkuat partisipasi masyarakat, memberikan pendampingan hukum, dan mendorong penerapan prinsip good governance. Penelitian ini menyarankan perlunya sinergi antara pemerintah desa, koperasi, dan masyarakat melalui penyusunan peraturan yang jelas, pelatihan aparat desa, pemanfaatan teknologi informasi, dan kolaborasi lintas sektor untuk mewujudkan pembangunan desa yang inklusif dan berkelanjutan.

Kata Kunci : Koperasi Desa/Kelurahan Merah Putih, Kedudukan Hukum, Kepastian Hukum, Otonomi Desa, Tumpang Tindih Kelembagaan.

1. INTRODUCTION

Village development in Indonesia has received considerable attention as part of broader efforts to promote equitable development and strengthen economic self-reliance at the local level (Sujito & Ghofur, 2023). Since the enactment of Law Number 6 of 2014 concerning Villages, villages have been granted substantial autonomy to manage local resources and regulate local governmental affairs. Nevertheless, its implementation has given rise to various issues and challenges rooted in governance dynamics, corruption, jurisdictional conflicts, and limited community participation (Setiawan & Melinda, 2020)(Wibowo, 2018). These conditions have created opportunities for cooperatives to serve not only as drivers of local economic development but also as supporting institutions in addressing legal problems at the village level.

In the digital era, the legal dynamics of village governance have become increasingly complex due to emerging issues related to information and communication technology (ICT). Consequently, the Law on Electronic Information and Transactions (ITE Law) has become relevant in regulating online activities that may affect village communities (Lubis & Maulana, 2010). Furthermore, in order to establish transparent and accountable village governance, the implementation of the Public Information Disclosure Law (KIP Law) is crucial in ensuring public access to information concerning the management of village funds and public policies (Lubis et al., 2018). The formalization of cooperatives at the village level also faces challenges related to technology adoption, particularly because technical assistance in digital legalization procedures has become one of the determining factors for successful institutional establishment (Musadad et al., 2025).

The Merah Putih Cooperative, conceptualized as a cooperative entity that embodies Indonesia's national identity, has been proposed as an institutional model for addressing these challenges. This proposal refers to Presidential Instruction Number 9 of 2025 concerning the Acceleration of the Establishment of Merah Putih Village/Urban Village Cooperatives. Through the principles of kinship, mutual cooperation, and strong national values, the cooperative is expected not only to contribute to improving the economic welfare of village communities but also to play an active role in promoting transparent and participatory legal governance (Henley, 2007). The role of cooperatives in optimizing village potential and addressing legal issues is further supported by concepts of community economic empowerment that have been implemented through various institutional models, including Village-Owned Enterprises (BUMDes) and Village Unit Cooperatives (KUD) (Alkadafi, 2014) (Wulandari, 2021). However, the establishment of new economic institutions such as the Merah Putih Cooperative

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must also anticipate the potential for regulatory and institutional overlap with existing village entities, particularly BUMDes (Rayi Saputri & Iqbal Hardiyan, 25 C.E.).

Recent literature and studies indicate that, despite various efforts to promote village development, the implementation of law at the village level continues to face significant obstacles (Pamungkas, 2019). These include limited public understanding of legal mechanisms, inadequate administrative professionalism, and external interventions that may undermine village autonomy (Setiawan & Melinda, 2020). A normative juridical approach to village law emphasizes the importance of integrating local values with formal legal norms in order to establish a fair and democratic system of village governance (Andrianto, 2020). In this context, the presence of cooperatives such as the Merah Putih Cooperative becomes particularly important, as they may function as platforms for community participation while also facilitating efforts to reconcile positive law with customary law.

This study aims to explore the role of cooperatives, particularly the Merah Putih Cooperative, in addressing legal issues and challenges at the village level. Through an analysis of relevant literature and theoretical perspectives, this study examines the dynamics of village law, the constraints encountered in its implementation, and the extent to which cooperatives may contribute to potential solutions through the application of good governance principles and the strengthening of local legal capacity. By integrating legal, economic, and social perspectives, this article seeks to provide a comprehensive understanding of the role of cooperatives within the framework of village law and to identify strategic measures for addressing existing institutional and legal constraints.

Based on the foregoing discussion, this study is directed toward examining the legal status of the Merah Putih Village/Urban Village Cooperative within Indonesia's village law and cooperative law frameworks, particularly in circumstances where the policy of accelerating its establishment intersects with the principles of recognition, subsidiarity, and cooperative independence. The study also highlights normative legal issues arising from the relationship between national policy directives, village autonomy, and the need for legal certainty at the local level. Within this framework, the discussion further seeks to formulate an appropriate regulatory model capable of ensuring institutional accountability, preventing overlapping functions with existing village economic institutions, and ensuring that the establishment and operation of cooperatives remain consistent with the principles of village law and cooperative law.

2. RESEARCH METHOD

This study employs a normative juridical method using statutory, conceptual, and analytical approaches. The statutory approach is applied to examine legal provisions concerning villages, cooperatives, public information disclosure, electronic transactions, and policies governing the establishment of Merah Putih Village/Urban Village Cooperatives. The conceptual approach is used to reassess the concepts of legal certainty, village autonomy, cooperative principles, and village institutional governance. Given that this study also intersects with aspects of information systems, the analysis is not limited to written legal norms, but also considers how the digitalization of administration, reporting, and data disclosure may affect the institutional accountability of cooperatives at the village level. The legal materials consist of primary legal sources, including relevant laws and regulations, as well as secondary legal sources such as scholarly journal articles, legal publications, books, and previous studies on village governance, legal protection in village administration, the implementation of good corporate governance in Village-Owned Enterprises (BUMDes), and the role of cooperatives in the economic development of village communities.

The analysis is conducted qualitatively through a critical examination of the collected legal materials and literature. Each source is assessed based on its relevance to the legal status of the Merah Putih Village/Urban Village Cooperative, the potential for institutional overlap, and the need to strengthen transparent and accountable village governance. Content analysis is employed to interpret the substance of legal norms and arguments presented in the literature, while thematic synthesis is used to classify the principal issues, including legal certainty, village autonomy, the relationship

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between cooperatives and village governments, digitalization challenges, and the principles of good governance. Through this approach, the study seeks to formulate legal arguments that are not merely descriptive but also prescriptive, particularly by proposing a regulatory model for the Merah Putih Village/Urban Village Cooperative that is more consistent with the principles of village law, cooperative law, and good governance (Winarsi & Moechthar, 2020).

3. RESULT AND DISCUSSION

Legal Status of the Merah Putih Village/Urban Village Cooperative

The legal status of the Merah Putih Village/Urban Village Cooperative should not be understood merely as part of a government administrative program, but rather as that of a cooperative legal entity that remains subject to the fundamental principles of cooperative law. Law Number 25 of 1992 concerning Cooperatives recognizes cooperatives as member-based business entities founded upon the principle of kinship. Accordingly, their primary source of legitimacy derives from membership, the general meeting of members, and mechanisms of economic democracy. Presidential Instruction Number 9 of 2025 does provide policy impetus for accelerating the establishment of Merah Putih Village/Urban Village Cooperatives; however, this instrument is more appropriately understood as a coordinative policy measure rather than as a substitute for the legal requirements governing the establishment and management of cooperatives under Indonesian cooperative law (Republik Indonesia, 1992; Republik Indonesia, 2025a).

This legal framework becomes more complex when the cooperative is situated within the broader system of village governance. Law Number 6 of 2014 concerning Villages, as amended by Law Number 3 of 2024, grants villages the authority to regulate and manage community interests based on local initiatives, traditional rights of origin, and village-scale local authority. Consequently, the establishment of cooperatives at the village level should not reduce village autonomy to the mere implementation of centrally imposed policy targets. Consistent with the findings of Setiawan and Melinda, villages occupy a strategic position in development because they possess both the authority and resources necessary to develop local potential. Nevertheless, the exercise of such authority requires a clearly defined governance framework to prevent conflicts and institutional ambiguities at the local level (Republik Indonesia, 2024; Setiawan & Melinda, 2020).

Another issue requiring particular attention is the potential institutional overlap between the Merah Putih Village/Urban Village Cooperative and Village-Owned Enterprises (BUMDes). BUMDes operate within the legal framework of village governance and are closely associated with village assets and local economic interests, whereas cooperatives operate under a distinct cooperative-law regime centered on their members. Without a clear delineation of their respective functions, cooperatives and BUMDes may overlap in areas such as business activities, access to village government support, management of local resources, and financial accountability. The study by Winarsi and Moechthar on BUMDes demonstrates that the implementation of good corporate governance principles is essential to prevent village economic institutions from becoming vulnerable to inefficiency and institutional misconduct. Therefore, the Merah Putih Village/Urban Village Cooperative should be positioned as an independent economic partner within the village ecosystem, rather than as an organ of the village government or a direct competitor to BUMDes (Republik Indonesia, 2021; Winarsi & Moechthar, 2020).

Regulatory Framework of the Merah Putih Village/Urban Village Cooperative

The legal status of the Merah Putih Village/Urban Village Cooperative requires a systematic mapping of the relevant regulatory framework to ensure that its institutional position is not conflated with that of village government bodies or Village-Owned Enterprises (BUMDes). Such regulatory mapping also demonstrates that policies aimed at accelerating the establishment of these cooperatives must remain within the boundaries established by cooperative law, village law, and the principles of sound institutional governance. From this perspective, the Merah Putih Village/Urban Village Cooperative should be positioned as a cooperative legal entity whose establishment and development

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are facilitated by the state, rather than as an administrative organ of the village government (Republik Indonesia, 1992; Republik Indonesia, 2024; Republik Indonesia, 2025a).

Table 1. Map of the Regulations for the Merah Putih Village/Sub-district Cooperative

No	Regulation	Relevance to the Merah Putih Village/Sub-district Cooperative	Legal Implications
1	Law Number 25 of 1992 concerning Cooperatives	This is the main basis for the position of cooperatives as member-based business entities based on family. Red and White Village/Subdistrict Cooperatives still need to comply with the principles of membership, member meetings, internal supervision and economic democracy (Republik Indonesia, 1992).	Cooperatives cannot be positioned as village apparatuses. Their status must remain as cooperative legal entities with accountability mechanisms for their members.
2	Law Number 6 of 2014 concerning Villages in conjunction with Law Number 3 of 2024	Providing a basis for villages to organize and manage community interests based on ancestral rights, community initiatives, and village-scale local authority. The establishment of cooperatives at the village level should not ignore village autonomy and community participation (Republik Indonesia, 2024).	The village government can facilitate the formation of cooperatives, but should not take over the cooperative's internal decision-making functions.
3	Government Regulation Number 7 of 2021 concerning Facilitation, Protection, and Empowerment of Cooperatives and MSMEs	Regulates the role of the state in providing facilities, protection, and empowerment for cooperatives. This regulation demonstrates that government support for cooperatives is possible, but remains within the framework of empowerment (Republik Indonesia, 2021).	Government facilitation must be distinguished from institutional intervention. Cooperatives must maintain organizational independence and member-based business mechanisms.
4	Presidential Instruction Number 9 of 2025 concerning the Acceleration of the Establishment of Red and White Village/Sub-district Cooperatives	This Presidential Instruction serves as the basis for accelerating the formation of Red and White Village/Sub-district Cooperatives. It contains directives regarding the formation of 80,000 cooperatives, outreach, mentoring, increased village community participation, and monitoring and evaluation (Republik Indonesia, 2025a).	The Presidential Instruction can be understood as a coordinating instrument, not a substitute for the legal procedures for establishing a cooperative. The legality of a cooperative must still refer to cooperative law.
5	Presidential Decree Number 9 of 2025 concerning the Task Force for the Acceleration of the Establishment of Red and White Village/Sub-district Cooperatives	Establish a task force to expedite the formation of the Merah Putih Village/Sub-district Cooperative. This regulation demonstrates the cross-sector coordination design for implementing village cooperative policies (Republik Indonesia, 2025b).	Clear coordination boundaries are needed so that the task force does not overlap with the authority of regional governments, village governments, and cooperative organs.

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Based on this regulatory map, it is clear that the Merah Putih Village/Sub-district Cooperative occupies a cross-regime legal position. Institutionally, the cooperative is subject to cooperative law. In terms of its operational space, the cooperative exists within the village government ecosystem, which recognizes local autonomy, participation, and authority. Meanwhile, the 2025 Presidential Instruction and Presidential Decree provide accelerating support from the central government. The tension between these three domains must be maintained to ensure that cooperative formation does not become a mere administrative agenda but remains a people's economic movement with a legal basis, a membership base, and a clear division of roles.

Normative Issues in the Establishment of the Merah Putih Village/Urban Village Cooperative

The normative issues surrounding the establishment of the Merah Putih Village/Urban Village Cooperative primarily arise from the still-unclear relationship between the national policy of accelerated establishment and the fundamental principles of cooperative law. Under Indonesian cooperative law, a cooperative is a member-based business entity founded upon the principles of kinship, independence, and economic democracy. Meanwhile, Presidential Instruction Number 9 of 2025 promotes the accelerated establishment of village/urban village cooperatives through cross-ministerial coordination and cooperation with regional governments. If this acceleration policy is not interpreted carefully, cooperatives may shift from being member-based economic movements into administrative instruments established primarily to fulfill policy targets. Legal certainty therefore becomes a central concern, as the legality of a cooperative cannot rest solely on policy directives but must continue to comply with the procedures, institutional organs, and fundamental principles prescribed under cooperative law (Andrianto, 2020; Republik Indonesia, 1992; Republik Indonesia, 2025).

A further tension emerges in the relationship between cooperative establishment and village autonomy. Villages possess the authority to regulate and administer the interests of their communities on the basis of local initiatives, traditional rights of origin, and village-scale local authority. Accordingly, the establishment of the Merah Putih Village/Urban Village Cooperative should not disregard village deliberation processes, local economic needs, or the participation of residents as prospective members. Pamungkas (2019) demonstrates that village autonomy following the enactment of the Village Law has provided broader space for villages to manage their local affairs, although significant implementation challenges remain in practice. This is consistent with Setiawan and Melinda (2020), who argue that village authority must be accompanied by governance mechanisms capable of preventing the misuse of authority and strengthening the accountability of village government (Pamungkas, 2019; Republik Indonesia, 2024; Setiawan & Melinda, 2020).

A legal gap is also evident in the absence of clearly defined institutional boundaries between the Merah Putih Village/Urban Village Cooperative, village governments, and Village-Owned Enterprises (BUMDes). BUMDes have their own legal basis as business entities associated with the management of village economic potential, whereas cooperatives operate on the basis of membership and are accountable to the general meeting of members. In the absence of a clear regulatory design, cooperatives may overlap with BUMDes in areas such as business activities, access to assets, capital support, and supervisory mechanisms. Winarsi and Moechthar (2020) demonstrate that the implementation of good corporate governance principles in BUMDes is necessary to strengthen institutional governance and reduce the risk of misconduct in the management of village economic activities. In line with this argument, the study by Saputri, Subandriyo, and Hardiyan (2025) indicates that the Merah Putih Village Cooperative should be situated within a village governance framework that clearly delineates the respective roles of local economic institutions (Republik Indonesia, 2021; Saputri et al., 2025; Winarsi & Moechthar, 2020).

Potential Institutional Overlap with Village-Owned Enterprises (BUMDes)

The potential for institutional overlap between the Merah Putih Village/Urban Village Cooperative and Village-Owned Enterprises (BUMDes) arises because both operate within the village economic sphere, yet they are grounded in different legal regimes. BUMDes are situated within the

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framework of village law and are intended to function as instruments for managing village economic potential, whereas cooperatives are based on membership, general meetings of members, and the principle of collective enterprise founded on kinship. This distinction requires a clearer delineation of functions, particularly with regard to the management of village assets, business activities, sources of capital, and accountability mechanisms. In the absence of clearly defined institutional boundaries, the Merah Putih Village/Urban Village Cooperative may overlap with BUMDes in carrying out similar business activities and may even give rise to institutional dualism at the village level (Republik Indonesia, 1992; Republik Indonesia, 2021; Republik Indonesia, 2024).

In light of these findings, the relationship between BUMDes and the Merah Putih Village/Urban Village Cooperative is more appropriately understood as complementary rather than competitive. BUMDes may be directed toward the management of village assets, village business units, and economic interests that are directly associated with village authority. Cooperatives, by contrast, may be more specifically oriented toward member empowerment, the strengthening of collective community enterprises, the distribution of community needs, member-based financing, and the development of local production networks. Alkadafi (2014) demonstrates that BUMDes play both social and commercial roles in strengthening the economy of village communities. However, Winarsi and Moechthar (2020) emphasize that BUMDes governance requires the application of good corporate governance principles in order to avoid inefficiency and institutional misconduct. In line with this argument, the study by Saputri, Subandriyo, and Hardiyan (2025) indicates that the Merah Putih Village Cooperative should be designed within a governance framework that remains attentive to village development and the participation of local communities.

With such a division of roles, the Merah Putih Village/Urban Village Cooperative need not be positioned as a competitor to BUMDes, but rather as an institutional partner that expands the economic capacity of the village. Village governments may facilitate coordination through village deliberations, village regulations, or institutional memoranda of understanding governing the division of business sectors, access to assets, reporting arrangements, and supervisory mechanisms. This model may contribute to legal certainty by ensuring that each institution continues to operate within its respective legal framework: BUMDes under the village law regime and cooperatives under cooperative law. If this division of roles is clearly formulated from the outset, the policy of accelerating the establishment of Merah Putih Village/Urban Village Cooperatives may proceed without undermining village autonomy or obscuring the institutional functions of BUMDes (Republik Indonesia, 2021; Republik Indonesia, 2025; Winarsi & Moechthar, 2020).

Dynamics of Village Law in Indonesia

Following the enactment of Law Number 6 of 2014 concerning Villages, the structure of village governance in Indonesia has undergone significant changes. Villages now enjoy broader autonomy in managing local affairs based on the principles of recognition and subsidiarity (Pamungkas, 2019). Nevertheless, the dynamics of village law continue to reveal discrepancies between formal legal norms and their implementation in practice (Wibowo, 2018). For instance, differing interpretations of authority among the central government, regional governments, and village governments may give rise to internal conflicts and uncertainty in policy implementation (Setiawan & Melinda, 2020).

Under the framework of positive law, villages are recognized as legal community units with defined territorial boundaries and the authority to regulate and administer the interests of local communities. In practice, however, many villages continue to encounter difficulties in implementing policies due to administrative constraints, limited resources, and external intervention. Several studies indicate that legal problems at the village level often arise from the limited capacity of village governments to translate legal norms into day-to-day administrative practice (Setiawan & Melinda, 2020).

An important aspect of these legal dynamics concerns the role of statutory regulations, which have undergone several amendments and refinements since the initial enactment of the Village Law. Existing studies suggest that periodic regulatory revision is essential to ensure that the legal framework

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remains responsive to changes in village communities and evolving societal demands. In particular, shifts in authority among ministries responsible for village affairs have frequently generated institutional controversy and may slow development processes as well as decision-making at the village level.

Legal Challenges in Village Governance

Legal challenges in village governance comprise various interrelated dimensions. Among the principal issues are the following

Limited Community Participation. Low levels of community participation in village-level decision-making often result in policies that do not adequately reflect the needs and aspirations of local residents. Many villages also remain dependent on assistance from village officials, which in some cases is not accompanied by sufficient transparency.

Conflicts of Authority. Differing interpretations and overlapping areas of authority among the central government, regional governments, and village governments frequently lead to inefficiencies in policy implementation. This situation is further complicated by structural changes resulting from regulatory revisions that have not always been fully accepted or consistently interpreted by all relevant stakeholders. Such conflicts may also affect the management of village funds and, in certain cases, create opportunities for corrupt practices.

Limited Administrative Capacity. Many villages face constraints in terms of human resources and infrastructure required to manage administrative affairs professionally. These limitations hinder the realization of transparency and accountability in the management of village funds and development programs.

Tension between Positive Law and Customary Law. In many regions, differences remain between positive law enacted by the government and customary law observed by local communities. Such disparities may generate conflict in dispute resolution processes or in the implementation of legal rules that are perceived as inconsistent with local values and customary practices.

External Intervention. In some cases, intervention by external actors, including private institutions and political interests, may undermine village independence in decision-making processes. Such intervention can weaken the identity and autonomy of villages as legally recognized and self-governing entities.

The Role of the Merah Putih Cooperative in Addressing Legal Challenges in Village Governance

The Merah Putih Cooperative, as a cooperative entity promoted under a symbolic national identity, is proposed as a solution to address several challenges in the implementation of village law. Its role is not limited to that of an economic driver; rather, it may also function as a supporting agent for village governments and local communities in strengthening local legal capacity. Several important roles of the Merah Putih Cooperative may be identified as follows.

Strengthening the Village Economy. The cooperative may contribute to enhancing the economic competitiveness of villages through collective business programs that emphasize business diversification, capital investment, and the marketing of leading local products. At the same time, the cooperative may provide training and assistance to its members so that they are better able to manage village resources in a professional manner, thereby maximizing local economic potential.

Enhancing Community Participation. As a vehicle for economic and social empowerment, the Merah Putih Cooperative may empower village communities through a system of collective ownership. The active participation of members in decision-making within the cooperative represents a concrete example of democratic governance that is consistent with the principles of inclusive village administration.

Legal and Governance Assistance. The cooperative is also designed to participate in providing legal guidance to village officials and community members. Through such assistance, legal issues, including the resolution of disputes or conflicts between formal law and customary law, may be addressed in a more equitable and transparent manner.

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Digital Literacy and the Prevention of Cybercrime. The Merah Putih Cooperative may play an important role in providing digital literacy training to village communities so that they are better equipped to make positive use of information and communication technology and to avoid exposure to cybercrime.

Legal Advocacy for Village and Indigenous Communities. The cooperative may provide legal advocacy services for village residents who become victims of cybercrime or who encounter problems related to the implementation of the Public Information Disclosure Law. In addition, the cooperative may assist indigenous communities in asserting and protecting their rights over territory and natural resources.

Promoting Good Governance.The involvement of cooperatives in the management of village resources may stimulate the implementation of good governance principles within the village environment. Cooperatives may also serve as mechanisms of oversight and accountability, enabling village programs and the use of village funds to be more effectively monitored while at the same time supporting the legal autonomy of the village.

To illustrate the role of the cooperative in improving legal governance at the village level, the following section presents a flowchart of the role of the Merah Putih Cooperative.



Figure 1. The Role of the Red and White Cooperative in Improving Village Legal Governance

Figure 1 illustrates the relationship between the village community and the cooperative, and the resulting positive impacts, including economic growth, participation, legal assistance, and the implementation of good governance principles in the village. Thus, the Merah Putih cooperative acts as a mediator between the village government and the community to address various legal challenges.

Case Studies and Comparison with Other Cooperative Practices

In terms of case studies, the experiences of several cooperatives and village economic institutions demonstrate considerable potential to support village development and legal governance. For example, research on the Mina Sumitra Marine Fisheries Cooperative in Indramayu indicates that large cooperatives can play a strategic role in improving community welfare and supporting the implementation of people-centered economic principles grounded in Islamic economic law (Sukardi et al., 2017). In addition, studies on Village-Owned Enterprises (BUMDes) and the application of good governance in their management emphasize the importance of strengthening governance as a driving force for the village economy, although a number of cases have also been associated with corruption and inefficiency (Winarsi & Moechthar, 2020).

By comparison, cooperative models in developed countries often place greater emphasis on transparency, active participation, and accountability, with digitally based management systems and

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the application of modern management principles contributing to stronger institutional structures (Hesam, 2019). If adapted to the Indonesian village context, the Merah Putih Cooperative could adopt several of these approaches to improve efficiency and transparency in financial management and decision-making processes. For instance, case studies concerning the implementation of the Public Information Disclosure Law in several villages provide insight into the factors that influence success or failure in achieving transparency and accountability (Lubis et al., 2018). The experience of Dayak indigenous communities in protecting the Mataram Protected Forest also illustrates how traditional forest management systems can be integrated with government policies in support of sustainable development.

The following table compares important aspects between traditional cooperatives in villages and the proposed cooperative model (Red and White Cooperative):

Table 2. Comparison between Traditional Cooperatives and Red and White Cooperatives

No	Comparative Aspects	Traditional Cooperatives	Red and White Cooperative (Ideal Model)
1	Member Participation	Low, often only representing a portion	High, all members are involved in every decision-making process
2	Transparency of Financial Management	Limited due to manual administration practices	Digitalization and open reporting to support good governance
3	Technical and Legal Assistance	Less structured	Integrated, with training programs and legal assistance for members
4	Economic Orientation	Focus on short-term profits	Oriented towards long-term development and community economic empowerment
5	Innovation and Modernization	Minimal innovation	Adopting information technology, digital accountability systems, and cross-sector collaboration

Table 2 shows fundamental differences in participation, transparency, and economic orientation between traditional cooperatives and the proposed ideal cooperative model. By adopting a more modern approach, the Merah Putih Cooperative is expected to bring about significant change in villages through increased community participation and good governance.

Based on these case studies and comparisons, it is clear that the success of the cooperative model in supporting the implementation of village law depends not only on its organizational structure and internal management, but also on synergy with the village government and active community participation. The Merah Putih Cooperative, as an ideal model, must be able to integrate family and national values with modern principles of economic and legal management.

4. CONCLUSION

The dynamics of village law in Indonesia are influenced by various factors, including conflicts of authority, low levels of community participation, limited administrative capacity, and inconsistencies between positive law and customary law. These challenges create opportunities for cooperatives to serve as an alternative institutional mechanism for addressing obstacles to the implementation of law at the village level. The Merah Putih Cooperative, as a cooperative model grounded in national values and the principle of mutual cooperation, has considerable potential to enhance the economic competitiveness of villages through business diversification and the optimization of collective capital; strengthen community participation by empowering members to take part in decision-making processes and democratic cooperative governance; provide legal assistance to bridge the gap between formal law and customary law in the resolution of disputes and conflicts at the village level; and promote the implementation of good governance principles through transparency, accountability, and integrated oversight.

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