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Comparative Analysis of Good Cooperative Governance Implementation in Indonesian and Overseas Cooperatives: A Systematic Literature Review

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Abstract

Cooperatives in Indonesia still face a number of challenges that need to be addressed. One of these stems from the inadequate implementation of good cooperative governance. Applying good governance principles constitutes a vital foundation for enhancing cooperative performance and fostering public trust. Principles such as transparency, accountability, independence, responsibility, fairness, and equality serve as key aspects that strengthen cooperative management. This study aims to identify, analyze, and compare the implementation of Good Cooperative Governance (GCoG) principles among Indonesian cooperatives and successful overseas cooperatives, as well as to formulate recommendations for improving cooperative governance practices in Indonesia. The research employs a Systematic Literature Review covering Scopus, Google Scholar, Academia, and Neliti databases, supported by NVivo 12 software. The findings reveal that while both groups conceptually acknowledge these principles, international cooperatives apply them consistently and under proper oversight, resulting in superior performance. In contrast, implementation in Indonesia remains weak and often merely formalistic. It is concluded that governance success does not depend solely on regulations, but on the quality of execution. Therefore, comprehensive strengthening of principle implementation is required to enable cooperatives to develop optimally.

Keywords Good Cooperative Governance, Comparative Analysis, Cooperative Performance, Systematic Literature Review

INTRODUCTION

Cooperatives are economic entities based on the principle of kinship, aiming to improve the welfare of members and the community, and are designated as business entities through Law No. 25 of 1992 so that they have a strategic role in national economic development. Globally, cooperatives record more than 1 billion members and 3 million business units (ICA, 2024), contribute to marketing 50% of the world's agricultural products and absorb more than 100 million workers—exceeding the total number of employees of multinational companies (Ftiriani & Husnah, 2013 in Wijayanti & Utomo, 2017).

In Indonesia, cooperatives are a pillar of the people's economy (Coordinating Ministry for the Economy, 2022a) with a contribution to GDP of 6.20% in 2021 (Ministry of Cooperatives and SMEs, 2022). Until 2024, there are more than 130 thousand cooperative units with assets of IDR 280 trillion, a business value of IDR 197 trillion, and 35 million members; The number of active cooperatives tends to increase even though it had decreased in 2018 due to administrative sanctions and unhealthy status (Nikson, 2018; BEM FEB UNUD, 2019; Lubis, 2023). The cooperative health assessment refers to the Ministerial Regulation of the Ministry of Cooperatives and SMEs No. 9 of 2020 which includes aspects of governance, risk profile, financial performance, and capital. Geographically, active cooperatives are concentrated on the island of Java—especially East Java, West Java, and Central Java (BPS, 2022; Santika, 2023; Ministry of Cooperatives and SMEs, 2023)—and has the potential to support the regional economy (Kusuma, 2022). Based on the type, cooperatives are dominated by consumer cooperatives (52.82%), followed by producer cooperatives, savings and loans, services, and marketing (Ministry of Cooperatives, 2025).

Cooperatives have advantages through the principles of management democracy, economic scale, access to technology, and increased bargaining power and competitiveness (Mather & Preston, 1990; Talib et al., 2007; Fanasch & Frick, 2018). Examples of success include the Cellular Telecommunication Cooperative (Indonesia), the Feldheim Farmers Cooperative (Germany), and Zen-noh (Japan) (Antara, 2021; Arda et al., 2021; Ramdani & Martono, 2022). This success is highly dependent on the implementation of good governance, as emphasized in various studies and the Ministerial Regulation of the Ministry of Cooperatives and SMEs No. 9 of 2020; Good governance supports business sustainability and is closely related to active participation of members and improving common welfare (Aini et al., 2012; Ikhsan, 2013; Harvey, 2017; Fanasch & Frick, 2018; Arda et al., 2021).

METHODS

The research was carried out from January to July 2026 using the *Systematic Literature Review* (SLR) method with secondary data from the Scopus, Google Scholar, Academia, and Neliti databases (Bramer et al., 2017). Inclusion criteria: Indonesian/English article, published 2014–2024 (Sauer & Seuring, 2023), and discusses the implementation of good governance in cooperatives; while articles are not reputable, incomplete, or outside the time range are excluded. Search is assisted by *Publish or Perish software*, NVivo 12, and Microsoft Excel.

The research question was prepared: *How does the implementation of governance in cooperatives in Indonesia and abroad compare?* This responds to the urgency of improving cooperative governance (Kaihatu, 2006; Coordinating Ministry for the Economy, 2022a) as well as the limitations of comprehensive studies in previous research (Puri & Walsh, 2018; Jamaluddin et al., 2023). Using an inductive approach with a theoretical framework referring to the KNKG and OECD guidelines, articles were selected, coded based on governance principles, and then analyzed. Results are presented systematically to complement existing perspectives (Zawacki-Richter et al., 2020).

RESULTS AND DISCUSSION

Of the 90 final articles, 25 focused on the context of Indonesian cooperatives, 52 discussed cooperatives and the rest were cross-border comparative studies. The temporal distribution shows a significant increase in publications on GCoG post-2020, likely triggered by the COVID-19 pandemic prompting a re-evaluation of cooperative governance systems globally. The following table 1 presents a comprehensive comparison matrix of the implementation of the five principles of GCoG between Indonesian cooperatives and foreign cooperatives based on the synthesis of the literature:

Table 1. Comparative Matrix of GCoG Principle Implementation between Indonesian Cooperatives and Foreign Cooperatives

GCoG Principles	Overseas Applications	Implementation in Indonesia
Transparency	• Spain (COLUN): Regular financial reports, profit sharing is clearly recorded, rules for the entry and exit of members are open. (García et al. 2024) • Kenya: There are cooperatives that share training schedules, purchase prices, and balance sheets openly. (Hannan 2014) • Thailand: less open, thus	There is transparency of information, including financial statements that are done properly and on time. (Soebijono *et al.* 2017)

	causing default and corruption. (Kumkit *et al.* 2024) • Zimbabwe: Cooperatives successfully publish selling prices and use of funds - (Matangaidze et al. 2022)	
Accountability	• Spain: The cooperative management is fully responsible for losses and there is an active member supervision mechanism. (García Garcia *et al.* 2024) • Nigeria: the management performs its duties well by being responsible for the operational costs of the cooperative. (Baiyewu *et al.* 2023) • Uganda: Active surveillance has been shown to improve social performance. (Kyazze *et al.* 2017) • Zimbabwe: The cooperative failed because the management was not responsible for the assets and relief funds, as there were cases of equipment being taken to private homes. (Matangaidze et al. 2022)	• The Board is obliged to be accountable at the annual general meeting. (Arfaprimasari and Shirley O'Neill 2019) • There are internal and external supervisors in the cooperative. (Astarani and Angelita 2014) • There are still cooperative administrators who do not have the awareness to develop cooperatives. (Ibrahim 2021)
Responsibilities	• Spain: Flexible but still compliant with local laws. In addition, it plays an active role in the welfare of the region.	• Management and members work together to help advance cooperative businesses (Paendong 2014).

	(García et al. 2024) • Thailand: the management lacks good moral principles. (Kumkit *et al.* 2024) • Ireland: Cooperatives are responsible for keeping control in the hands of farmers, fair prices, and business sustainability. (Cele 2022) • Germany: Energy cooperatives are responsible for the environment and the well-being of the region, not just its profits. (Höfer dan Rommel 2015)	• There are still cooperatives that lack commitment to carry out their duties. (Your Majesty and Muizu 2014)
Independence	• Spain: Independent, independent of subsidies and self-drafted articles of association . (García et al. 2024) • Chile: More centralized in the rules, but still operationally independent. (García et al. 2024) • Kenya: Cooperatives successfully manage their own needs. (Hannan 2014) • Zimbabwe: still in need of government or donor assistance. (Matangaidze et al. 2022)	• The management is still co-opted with government programs (Sigh) *et al.* 2016) . • Supervisors who have a high independence attitude have a positive influence on the implementation of GCoG. (Prastiwi 2017)
Justice and Equality	• Spain: The principle of "one person one vote" is strictly applied; Fair Profit Sharing. (García	• There are still "loan sharks" disguised as Savings and Loan Cooperatives (KSP).

	et al. 2024) • Chile: Maximum ownership limit of 20% so as not to be controlled by a few people. (García et al. 2024) • Thailand: There is still a gap in rights between members. (Kumkit *et al.* 2024) • Ireland: Equal opportunities for young people to join and become stewards. (Cele 2022)	(Sigh) *et al.* 2016) • The welfare of administrators and members can improve the performance of the cooperative. (Itsnaini *et al.* 2023) • There is a deliberation scheme financing to empower MSMEs by BMT (Afif and Darwanto 2017) .

Transparency

Cooperatives are obliged to present clear, accurate, accessible, and accountable information to all stakeholders in order to maintain the objectivity of the organization. However, the application of the principle of transparency has not been evenly distributed; most cooperatives in Cirebon have not submitted financial statements due to kinship relationships that reduce management professionalism (Ibrahim, 2021). In Sukabumi, only a few cooperatives report to the relevant agencies, and financial information is rarely publicly published to members (Susianto & Suyatno, 2014). Even though members have the right to know their financial condition and capital management (Arfaprimasari & Harindahyani, 2019); This lack of transparency has the potential to reduce participation and the number of members. Lack of transparency has also been identified as a major cause of the failure of savings and loan cooperatives in Thailand (Kumkit et al., 2024).

On the other hand, information disclosure is positively related to the performance of the management (Kyazze et al., 2017). Transparency includes clear decision-making procedures, effective communication channels, and timely access to information—not just an administrative obligation, but a means of strengthening a sense of belonging (Hannan, 2014). Good practices can be seen in KSPPS Bumi Meranti Wangi which presents periodic financial reports to monitor business development and facilitate supervision (Ubaidi et al., 2020), as well as the East Java Multi-Business Women's Cooperative "Setia Budi Wanita" which uses a liaison book to accommodate the aspirations of members and improve services (Puspitasari & Ludigdo, 2014). Financial reports should ideally be submitted regularly through member meetings and digital channels (Soebijono et al., 2017), so that information can be accessed according to the rights and authority of each party.

Accountability

Accountability is achieved through clarity of rules, division of duties, and integrity and professionalism of the management to maintain trust (Nainggolan et al., 2016; Susianto & Suyatno, 2014). In fact, many cooperatives deviate from their goals, in fact, only 112 out of 924 cooperatives in Pekanbaru held a RAT in 2017 (Marlina, 2019), reflecting dysfunction due to deviations and interventions (Itsnaini et al., 2023). Good practices can be seen in KSPPS Bumi Meranti Wangi which sets SOPs and encourages member participation (Ubaidi et al., 2020). Clear division of authority and accountability mechanisms encourage effective performance (Hannan, 2014; Kyazze et al., 2017), in line with Agency Theory and the crucial role of supervisors in ensuring rule-compliant governance (Astarani & Angelita, 2014; Nur Utomo et al., 2018).

Responsibilities

The principle of responsibility is realized through compliance with laws and regulations, AD/ART, SOP, and the implementation of social responsibility to support long-term business sustainability. The success of cooperatives is highly dependent on the quality of management of administrators who are mandated by members in a professional and accountable manner (Nur Utomo et al., 2018). The basic obstacles of cooperatives in Indonesia include the low quality of human resources, limited capital, to deviant practices such as KKN and embezzlement of funds; so that capacity building and active participation of all parties are needed (Mulyana & Muizu, 2014; Paendong, 2014). The consistent application of the principle of responsibility has been proven to increase member satisfaction and organizational reputation (Baiyewu et al., 2023), as well as being a particular attraction as is the practice in Ireland that maintains the identity and basic values of the cooperative (Cele, 2022). Unlike commercial enterprises, the success of cooperatives is also measured by fulfilling social obligations and protecting the interests of its members in a sustainable manner.

Independence

Independence reflects the ability of cooperatives to make decisions independently, free from domination or intervention that is contrary to applicable principles and regulations (Soebijono et al., 2017). Challenges arise due to external interference and over-reliance on government support which has the potential to erode identity and hinder the competitiveness of cooperatives (Nainggolan et al., 2016). Financial independence and management have been proven to strengthen business resilience; on the contrary, high dependency increases the risk of failure when support ends (Hannan, 2014; Matangaidze et al., 2022). Proper governance keeps the cooperative structure from turning into an entity dominated by large financiers (Höfer & Rommel, 2015). The optimal application of this principle has a positive and significant effect on the performance and sustainability of cooperatives.

Justice and Equality

This principle ensures the fulfillment of equal rights and opportunities for all stakeholders to build trust and sustainability of the organization. The implementation is not yet fully optimal; a number of institutions use the name cooperative but implement practices that burden members (Nainggolan et al., 2016). On the other hand, institutions such as BMT are expected to provide fair and non-burdensome access to financing to encourage economic equity (Trimulato, 2018). Justice is also reflected in the proportional distribution of Residual Business Results (SHU) and equal voting rights in the Annual Member Meeting (Paendong, 2014). The application of *the principle of one member, one vote* has been proven to increase member satisfaction and participation, while dominance of decision-making reduces trust (Hannan, 2014; Kyazze et al., 2017). Good practice in Ireland and Germany shows that equal access and voting rights that do not depend on the size of capital guarantee the sustainability and democracy of cooperatives (Höfer & Rommel, 2015; Cele, 2022).

Global Cooperative GCoG Success Factors

Global studies on cooperative governance consistently identify several critical success factors that determine the sustainability and effectiveness of cooperative organizations. First, an effective management structure and governance mechanism serve as the foundation of a successful cooperative. This requires a clear division of authority, transparent reporting systems, effective oversight, and a governance model that is sufficiently flexible to adapt to changing circumstances while maintaining the core principles and values of cooperatives (Höfer & Rommel, 2015; Hannan, 2014; Kyazze et al., 2017). Second, leadership and human resource quality play a pivotal role in cooperative performance. Successful cooperatives are characterized by competent and ethical leaders, democratic leadership selection processes, and continuous capacity-building initiatives that strengthen managerial skills and organizational professionalism. Sustainable human resource development enables cooperatives to respond effectively to both internal and external challenges (Nainggolan et al., 2016; Cele, 2022).

Third, member participation and interpersonal relationships represent the social foundation of cooperative success. The consistent implementation of the principle of *one member, one vote*, equitable treatment of all members, and the cultivation of mutual trust contribute significantly to organizational cohesion and long-term commitment. Trust functions as an essential form of social capital that enhances collaboration, collective decision-making, and member loyalty (Hannan, 2014; Kyazze et al., 2017; Cele, 2022). Finally, organizational resilience and purpose orientation are essential for ensuring long-term sustainability. Successful cooperatives maintain financial and operational independence while balancing economic performance with social objectives. In addition, adherence to cooperative regulations, principles, and values reinforces organizational resilience and enables cooperatives to remain competitive without compromising their social mission (Matangaidze et al., 2022; Baiyewu et al., 2023).

CONCLUSION

Based on a systematic review of 90 articles, both cooperatives in Indonesia and abroad both make transparency, accountability, responsibility, independence, and justice as basic principles; The difference lies in the quality of its application. In other countries, the principles are applied consistently and supported by strict supervision resulting in stable performance and high trust. On the other hand, although the legal framework in Indonesia is adequate, implementation is still weak, formal, and faces obstacles such as information shutdown, incomplete accountability, over-dependence, and dominance of a few parties. The success of governance does not only depend on rules, but on the quality of implementation and real supervision. For further studies, it is recommended to use a broader sample and quantitative approach for a more comprehensive study.

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