

## Strengthening Cooperative Governance and Organizational Ethics Through Community-Based Participation

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### ABSTRACT

This community engagement program aimed to strengthen cooperative governance and ethical organizational practices through a participatory approach in Cemandi Village, Sidoarjo, East Java. Village-level cooperatives often face challenges related to accountability, member participation, and underdeveloped organizational structures. To address these issues, the program implemented three key activities: a simulation of the Annual General Meeting (AGM), a workshop on developing internal bylaws and cooperative structure, and a community dialogue on local ethical values and social auditing practices. The implementation method combined participatory facilitation, community-based training, and value-based dialogue. The results demonstrated an increase in organizational literacy among participants, the formulation of cooperative bylaws, and the execution of an AGM simulation that reflected democratic principles. Tangible outcomes included a prototype of a citizen-based social audit tool, a draft of cooperative bylaws, and strengthened member participation. The findings indicate that participatory methods are effective in enhancing cooperative governance rooted in community values and collective ethics.

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## INTRODUCTION

Village cooperatives play a vital role in sustaining local economies, particularly in coastal and rural areas facing structural limitations in resource management and market access. Despite their strategic importance, many rural cooperatives continue to struggle with weak governance, limited member engagement, and low organizational ethics literacy (Budiyono & Indah, 2018; Mujiyanti, 2023). Common issues include managerial inefficiencies, poor documentation, and decision-making processes that often lack participatory foundations—factors that significantly affect institutional sustainability and erode member trust (Widiyanto & Utomo, 2022).

Enhancing cooperative capacity requires more than administrative reform; it demands a community-based approach that fosters shared awareness and ethical commitment among members. Involving local stakeholders in participatory activities—such as simulated annual meetings, the drafting of internal regulations, and the practice of social auditing—has proven effective in improving transparency and accountability (Mindari et al., 2025; Ellitan & Muljani, 2022). Several studies also highlight that cooperatives adopting participatory governance tend to exhibit greater sustainability and social impact (Arifandy et al., 2020; Rachmawati et al., 2023).

This engagement program was implemented in Cemandi Village, Sidoarjo Regency, with three main objectives: (1) to improve the capacity of cooperative leaders and members in participatory decision-making practices; (2) to develop internal bylaws grounded in local ethics and transparency principles; and (3) to introduce a grassroots-based social audit process. The initiative responded to the village cooperative's potential in managing community-based fisheries enterprises, which had been underutilized due to poor governance and limited member participation.

Broadly, this program seeks to strengthen cooperative governance based on local values such as mutual cooperation (*gotong royong*), community accountability, and inclusion. The intervention model is intended as a scalable contribution to the national agenda of revitalizing village-level cooperative institutions, particularly in socially and economically vulnerable coastal communities.

## METHOD OF IMPLEMENTATION

This community service program adopted a **Participatory Action Research (PAR)** approach, structured into three sequential phases: pre-implementation, main implementation, and participatory evaluation.

### Pre-Implementation Phase

The project team coordinated with the management of *Koperasi Merah Putih* and the local village government to identify community needs and design the intervention. A combination of limited group discussions and direct observations was used to assess the existing cooperative structure, governance documents, and previous meeting practices. Based on the findings, training modules were developed, focusing on local ethical values and participatory governance principles.

## Implementation Phase

The core activities were carried out over three consecutive days and consisted of the following:

### 1. Simulation of Annual General Meeting (AGM)

Participants engaged in a simulated AGM using role-play and locally contextualized case scenarios. The activity aimed to familiarize members and cooperative leaders with the democratic procedures of AGMs, including agenda setting, member rights, and collective decision-making mechanisms.

### 2. Workshop on Internal Bylaws and Organizational Structure

This session guided participants in drafting internal cooperative regulations that reflect transparency, mutual responsibility, and inclusive governance. Additionally, participants reviewed and redesigned the organizational structure to ensure clear delegation of roles and responsibilities.

### 3. Community Dialogue and Social Audit Training

Residents participated in a facilitated discussion to identify core ethical values and translate them into practical accountability mechanisms. A basic, community-oriented social audit format was introduced and tested. Participants explored topics such as financial transparency, profit-sharing fairness, and the rights of cooperative members.

Each activity was designed to be participatory, dialogical, and grounded in local cultural values such as *gotong royong* (mutual aid) and ethical accountability. The learning process emphasized reflection and co-creation, ensuring that knowledge generated was contextually relevant and collectively owned.

## Evaluation and Reflection

Following the core activities, the team conducted a participatory evaluation using short questionnaires and semi-structured interviews. Evaluation focused on participant satisfaction, knowledge gain, and the intention to adopt participatory governance practices. Outputs were documented in the form of short videos and visual summaries to facilitate broader dissemination and replication.

## RESULTS AND DISCUSSION

The implementation of this community service program demonstrated notable improvements in the participants' understanding of cooperative governance, particularly in participatory practices and ethical awareness. The outcomes are presented across three thematic domains: understanding of AGM procedures, development of internal bylaws, and application of community-based social auditing.

### Improved Understanding of AGM Procedures

The interactive AGM simulation revealed a significant shift in member engagement. Prior to the intervention, most participants lacked knowledge about the structure and function of the Annual General Meeting (AGM). Through role-playing based on local case studies, participants became familiar with essential aspects of AGM governance—such as agenda-setting, quorum requirements, member rights, and mechanisms for collective decision-making. These findings align with Mindari et al. (2025) and Handajani et al. (2019), who emphasized that AGMs serve not merely as formalities but as central instruments for member oversight and organizational accountability.



**Figure 1.** Community-led simulation of the Annual General Meeting (AGM) in Cemandi Village Hall.

### **Drafting of Internal Bylaws and Organizational Restructuring**

The second day of training resulted in a preliminary draft of cooperative bylaws rooted in transparency, shared responsibility, and ethical conduct. Many participants recognized the value of formal documentation in guiding daily operations and resolving internal disputes. Moreover, a revised organizational structure was produced to reflect clearer lines of authority, job descriptions, and inclusive leadership. These outcomes support previous studies highlighting the role of participatory organizational design in improving institutional resilience (Rusliana et al., 2024; Sunardi et al., 2022).

### **Community-Based Social Auditing and Ethical Reflection**

The final activity involved a participatory discussion on local ethical values relevant to cooperative governance, such as honesty, deliberation, collective responsibility, and transparency. The program introduced a prototype for a citizen-led social audit format, which participants tested through role-play and peer evaluation. The session strengthened the community's capacity to evaluate financial practices, share dividends fairly, and uphold member rights. This grassroots accountability framework resonates with Ciptagustia et al. (2022) and Widarno & Kurniawanto, (2020), who assert that financial literacy and ethical awareness are key drivers of cooperative sustainability.

**Table 1. Summary of Key Program Outcomes**

No	Success Indicator	Pre-Program	Post-Program	Notable Improvement
1	Understanding of AGM procedures	Low	High	✓
2	Ability to draft internal cooperative bylaws	Low	Moderate–High	✓
3	Participation in ethical discussions and audits	Minimal	Active	✓

Overall, this initiative enhanced cooperative governance capacity by fostering democratic, transparent, and community-driven practices. The active involvement of community members in each session served as an initial signal of organizational transformation and a foundation for long-term sustainability. These findings echo Suryana et al. (2021) and Fitriadi & Novita, (2025), who argue that meaningful participation and member empowerment are crucial to the reform of rural cooperative institutions.

## CONCLUSION

This community engagement program successfully enhanced the capacity of cooperative leaders and members in Cemandi Village through participatory and ethically grounded interventions. The implementation of an AGM simulation, a collaborative bylaws drafting workshop, and community-based social audit training provided participants with practical tools and knowledge essential for improving cooperative governance.

High levels of participant involvement and measurable gains in organizational literacy suggest that community-based, value-driven approaches are effective in fostering institutional transformation from within. The program's outcomes—such as the development of a bylaws draft, a simplified audit tool, and a revised organizational structure—serve as replicable models for other village cooperatives, particularly in coastal or structurally vulnerable areas.

However, long-term success will require sustained follow-up, including continued capacity-building efforts and multi-stakeholder collaboration, particularly in the areas of digital governance and human resource development. This project contributes to the broader agenda of cooperative revitalization in Indonesia by emphasizing the role of ethical leadership and community participation in strengthening rural institutions.

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