

Government Strategies to Support Cooperatives During the COVID-19 Pandemic in Strengthening Economic Resilience in South Sumatra

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Abstract

Outbreaks of pandemic diseases such as COVID-19 are classified as non-military, non-physical threats that significantly affect public safety and national economic stability. In early 2020, the COVID-19 pandemic severely impacted the cooperative sector in Indonesia, especially in terms of financial operations and sustainability. This study focuses on South Sumatra as the locus of analysis, applying Lykke's strategy theory, which comprises three elements: Ends (goals), Ways (strategic actions), and Means (resources used). Using a descriptive qualitative approach, this research examines how government strategies were implemented in South Sumatra to support cooperatives during the pandemic. The findings indicate that the government, through regional offices and cooperative institutions, successfully implemented policy responses such as financial aid, regulatory flexibility, and digitalization initiatives. These efforts were relatively balanced in their objectives, execution, and resource utilization, effectively minimizing risk while maintaining cooperative operations. As a result, these strategies played a significant role in supporting the economic resilience of the cooperative sector in South Sumatra during the COVID-19 crisis.

Keywords: Strategy, Policy, Co-operatives, Economic Resilience

Introduction

Non-military threats with public safety dimensions such as disease outbreaks, disasters, the economic strength of a country is a strategic factor in strengthening the State's defence against threats (Supandi. 2021).

The Covid-19 pandemic which began in 2020 has affected the world economy as well as in Indonesia, the World Health Organization (WHO) announced the corona virus is a global problem and was designated as the Covid-19 pandemic on 12 March 2020. Corona virus has infected more than 30,000,000 people and lost the lives of more than 1,000,000 people in the world. The Covid-19 pandemic is a sign of imbalance for social, political as well as economic (Putri, 2020).

The effect of the covid-19 pandemic on economic sectors in Indonesia and economic sectors in 34 provinces with significance results less than 0.05. Mc Nemar statistical test shows that the covid-19 pandemic affects 17 categories/sectors because (significance below 0.05). The worst affected sectors are the transport sector, provision of accommodation and businesses in the food and beverage sector, corporate services and other services. Entering the second quarter period of 2020, these four sectors had economic growth rates contracted by double digits (Oeliesta, 2021).

Business entities in the form of cooperatives are the sectors that are negatively affected by the Covid-19 pandemic. The negative impact on Co-operatives is felt especially regarding finance. With this condition, it can be seen that the Cooperative's financial resilience system is weak, therefore the Cooperative needs serious efforts in economic recovery.

Data for 2019 can be seen that the number of Indonesian Cooperatives is 123,048 units with 20.45 million members. The ratio of own capital and total capital is 50.75%. Transactions per cooperative are IDR 1.06 billion and per member IDR 7.40 million. From the financial indicators of Cooperatives, it can be seen that the financial system is critical during the economic conditions affected by the Covid-

19 pandemic. (Situmorang et al., 2021)

Based on the background of the above problems, this research is about how the government's strategy is to help Cooperatives in the midst of the Covid-19 Pandemic in supporting economic resilience.

Literature Review

According to Arthur in Harry R. (2006) "Ends (objectives) explain "what" is to be accomplished. Ends are objectives that, if accomplished, create, or contribute to, the achievement of the desired end state at the level of the strategy being analysed and, ultimately, serve national interests. Ends are expressed with verbs.

Ways (strategic concepts/courses of action) explain "how" the ends are to be achieved by the employment of resources. The concept must be explicit enough to provide planning guidance to those who must implement and resource it. Since ways convey action, they often have a verb, but ways are statements of "how," not "what," in relation to the objective of a strategy. Some confusion exists because the concept for a higher strategy often defines the objectives of the next lower level of strategy. A simple

The test for a way is to ask "in order to do what?" That should lead to the real objective. Some concepts are so accepted that their names have been given to specific strategies (containment, forward defence, assured destruction, forward presence are illustrations). But note that in actual practice, these strategies have specific objectives and forces associated with them and the concept is better developed than the short title suggests.

Means (resources) explain what specific resources are to be used in applying the concepts to accomplish the objectives and use no verb. Means can be tangible or intangible. Examples of tangible means include forces, people, equipment, money, and facilities. Intangible resources include things like "will," courage, or intellect.

"Risk explains the gap between what is to be achieved and the concepts and resources available to achieve the objective. Since there are never enough resources or a clever enough concept to assure 100 per cent success in the competitive international environment, there is always some risk. The strategist seeks to minimise this risk through his development of the strategy-the balance of ends, ways, and means.

Methods

The research used in this study is to use descriptive qualitative methods. is where the data collected in the form of words, pictures, and not numbers (Moleong, 2007).

A qualitative approach is an investigation process. In this approach, the researcher is the main instrument in collecting research data (Cresswel, 2016). The object of the research used is the government's strategy in assisting cooperatives during the Covid-19 pandemic. Secondary

data in this study were obtained through literature studies or literature reviews and the internet in the form of online journals and news as well as official websites and regulations issued by the government in the scope of defence which are closely related to Covid-19, related to cooperative data obtained from the website of the Coordinating Ministry for Economic Affairs of the Republic of Indonesia and the Ministry of Cooperatives and SMEs of the Republic of Indonesia.

Results and Discussion

Strategy according to Arthur Lyke That strategy ends ways means strategy covers what we should do (ends), how we should do it with (Means)' from this theory the essence of strategy is decision making on the main elements of strategy. Arthur Lykke gave coherent form to strategy theory with his articulation of the three-legged stool model of strategy which illustrates that strategy = ends + ways + means, and if these are out of balance, the assumption of greater risk. In Lykke's proposition (model), the ends are the "goals", the means are the "concepts" to achieve the goals, and the means are the "resources" to support the concepts. The bench tilts if all three legs are unbalanced. If any leg is too short, the risk is too great and the strategy will fail, to ensure that it can help the Co-operative, the three "legs" of the strategy must not only exist, they must be balanced (See Figure 1).

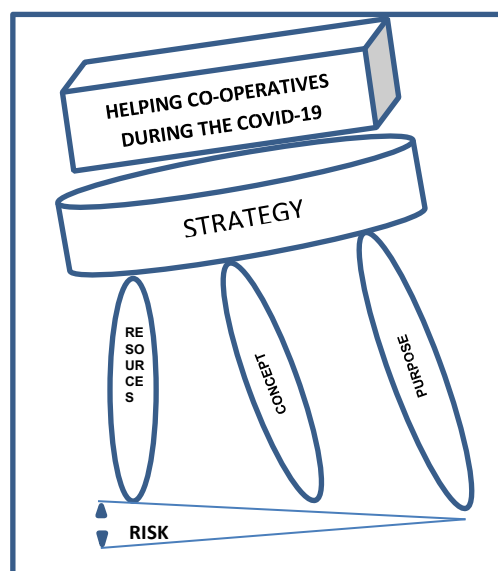


Figure 1. Lyke Model

Source: Data Processed (2025)

From figure 1 it can be illustrated that a valid strategy must have the right balance between goals, concepts and resources or its success has a greater risk than the theory of strategy must identify the right balance between the goals sought, the methods to pursue the goals, and the resources available. In formulating a strategy, the goals, ways, and means are one and the same, and if discussing a strategy at the national level with national level goals, ways and means the same will refer to the national level concept of the first identification according to Lyke is:

- a. Ends describe "what" is to be achieved. Ends are objectives that, if achieved, create, or contribute to, the achievement of the desired end state at the level of the analysed strategy and, ultimately, serve the national interest expressed by the verb, Assist the recovery of Cooperatives affected by the Covid-19 pandemic.
- b. The Way (Way) (strategic/action concept) describes "how" the goal should be achieved with the use of resources. Concepts should be explicit enough to provide planning guidance to those who must implement and resource it. Because ways convey actions, they often have verbs, but ways are statements of "how", not "what", in relation to strategic objectives. The government through the Coordinating Ministry for Economic Affairs of the Republic of Indonesia and the Ministry of Cooperatives and SMEs of the Republic of Indonesia prepared The issuance of Government Regulation of the Republic of Indonesia number 7 of 2021 concerning the ease, protection and empowerment of cooperatives and micro, small and medium enterprises. Providing Market Access and Cooperative Financing The government provides cooperatives to access markets, access financing, and develop broader business capacity by improving the business ease ecosystem. Producer cooperatives, consumer cooperatives, service cooperatives, savings and loan cooperatives, and others must be in an integrated ecosystem. With an integrated ecosystem and ease of business, cooperatives can enter national leading economic sectors such as food, commodities,

maritime, tourism, and processing industries. Issued Regulation of the Minister of Finance of the Republic of Indonesia Number: 12/PMK. 06/2005 micro and small business credit with the issuance of the regulation of the minister of finance of the republic of indonesia the government provides guarantees for Cooperative and MSME Savings Regulation of the Minister of Cooperatives and SMEs Number 6 of 2020 concerning General Guidelines for the Distribution of Government Assistance for Micro Business Actors to Support National Economic Recovery in the Context of Facing Threats that Endanger the National Economy and Saving the National Economy during the Corona Virus Disease 2019 (COVID-19) Pandemic as amended by Regulation of the Minister of Cooperatives and SMEs Number 2 of 2021. Minister of Cooperatives and SMEs Number 2 of 2021.

- c. Means describes what specific resources will be used in applying the concept to achieve the goal and does not use verbs. Means can be tangible or intangible. Examples of tangible means include power, people, equipment, money, and facilities. Intangible resources include things like "will", courage, or intelligence. As follows, In this first phase, the Government through the Coordinating Ministry for Economic Affairs of the Republic of Indonesia and the Ministry of Cooperatives and SMEs of the Republic of Indonesia prepared to restructure the loans of LPDB partners in the form of relief in the payment of installments and services for a period of 12 months and the provision of revolving funds to Cooperatives in the framework of National Economic Recovery held at the State Palace on Thursday (23/07/2020). Restructuring has been carried out by the government to 40 cooperative partners 100 per cent with temporary principal suspension facilities, extension of the term, to the addition of loan or financing facilities with a total outstanding of Rp135.7 billion. LPDB does not charge interest during the postponement of payment, therefore this is directly an interest subsidy from LPDB of 100 per cent within a period of one year. The second phase of the policy is the economic recovery phase. The government prepared an additional financing allocation of Rp1 trillion specifically to be channelled to cooperatives

and around 4.8 million for MSMEs have been channelled new loans or financing with a total disbursement of Rp381.4 billion. The third phase, economic sector growth, the Ministry of Cooperatives and Small and Medium Enterprises is also preparing a number of policies to facilitate access to financing for Cooperatives and MSMEs with the help of low interest rates and assistance as part of the government's efforts to build easier institutions for Cooperatives to facilitate future guidance.

Conclusion

From the results of research by looking at strategies with the Lyke Model with literature study data or literature review and the internet in the form of online journals as well as news from the government in helping Cooperatives during the Covid-19 pandemic occurred the author sees ways from regulations issued by the government, the ministry of finance and the Minister of Cooperatives and SMEs and sees means through institutions in implementing these policies that have been implemented by institutions and channeled to Cooperatives with these circumstances it is concluded that the risk is minimal and the strategy is already running in helping Cooperatives during the Covid-19 pandemic. In dealing with non-military threats, non-physical threats with a public safety dimension such as the Covid -19 Pandemic which has an impact on Cooperatives must be better prepared so that there are no economic problems that pose a threat to Indonesia.

The limitations in policy research studied are only three policies issued by the government, namely Government Regulation of the Republic of Indonesia Number 7 of 2021 concerning the ease, protection and empowerment of cooperatives and micro, small and medium enterprises, Regulation of the Minister of Finance of the Republic of Indonesia Number: 12 / PMK. 06/2005 micro and small business credit, Regulation of the Minister of Cooperatives and SMEs Number 6 of 2020 concerning General Guidelines for Distributing Government Assistance for Micro Business Actors, it is hoped that a comparison can be continued with other policies that have been issued by the government.

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