

## **Effectiveness Of Cooperative Supervision Functions On Improvement Of Cooperative Institutional Institutions At Labor Of Employees Of Pare-Pare**

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**Abstract:** The purpose of this study is to analyze the scope of supervision on improving the institutional quality of Cooperatives in the Office of Manpower and to analyze the follow-up results of supervision in the supervision of Cooperatives at the Department of Labor Parepare City. The [ene] litan method used is empirical law research ie research on the implementation of legal rule empirically. The results showed that One of the important factors to realize the performance of a good cooperative is the role of the Government in the form of legislation regulated and issued in such a way that the system can run well.

**Keyword:** *Effectiveness, Supervision, Functions,*

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Date of Submission: 05-03-2018

Date of acceptance: 24-03-2018

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### **I. INTRODUCTION**

Article 33 paragraph (1) of the 1945 Constitution states that the Indonesian economy is prepared as a joint effort based on the principle of kinship. Furthermore, the explanation of Article 33 states that the prosperity of society is preferred not the prosperity of the people and build the company accordingly is the cooperative. Elucidation of Article 33 places the co-operative either in position as a pillar of the national economy or as an integral part of the national economic order. With regard to the position of Cooperatives as mentioned above, the role of Cooperatives is very important in growing and developing the economic potential of the people and in realizing the life of economic democracy that has the characteristics of democracy, togetherness, kinship, and openness.

In accordance with the above, the nation of Indonesia has made development to realize the national goal, namely to realize a just and prosperous society materially and spiritually based on Pancasila and the 1945 Constitution. Efforts that have been made by the government one of them is to improve the standard of living the people of Indonesia, especially in the social and economic field by providing loans to people who need additional capital. Being of this is one of the targets is a cooperative. In addition to other institutions such as banks or courts, cooperatives as the lifeblood of the Indonesian economy. As the economic pulse of the cooperative always acts to protect them the weak economic community who are members of the cooperative. In general, cooperatives are understood as associations of people who voluntarily unite themselves to promote the improvement of their economic welfare in a democratic enterprise.

Cooperative development is directed to cooperatives actually apply the principles of cooperatives and economic business rules. Thus, the Cooperative is a stable, democratic, autonomous, participative, and socially oriented economic organization. Cooperative Development is basically intended to encourage Cooperatives to run business activities and play a major role in people's economic life. This law affirms that the grant of the legal entity status of the Cooperative, the ratification of amendments to the Articles of Association, and the guidance of the Cooperative shall be the authority and responsibility of the Government. In practice, the Government may delegate such authority to the Minister in charge of the Cooperative. However, this does not mean that the Government interferes in the internal affairs of the Cooperative organization and remains concerned with the principle of Cooperative independence. The government, both at the center and in the regions, creates and develops climate and conditions that promote the growth and popularization of the Cooperative.

Similarly, the Government provides guidance, ease, and protection to the Cooperative. Furthermore, the Government may stipulate the field of economic activity which can only be cultivated by the Cooperative. In addition, the Government may also stipulate the field of economic activity in a certain region which has been successfully cultivated by the Cooperative not to be operated by other business entities. This is done with due regard to the national economic interests and the realization of equal opportunity opportunities. The law also

provides an opportunity for cooperatives to strengthen capital through the mobilization of capital participation from members and non-members. With this possibility, the Cooperative can further raise funds for the development of its business.

In line with that in this Law embedded thinking towards the development of professional management of Cooperatives. Based on the above matters, this Law is prepared with the intention to clarify and reinforce the identity, purpose, position, role, management, business, and capital of Cooperatives and cooperative development, so as to ensure the realization of cooperative life as mandated by Article 33 -The Basic Society of 1945.

Understanding cooperatives according to the Law No.25 of 1992 Article 1 paragraph (1) Cooperative is a business entity consisting of a person or a cooperative legal entity based on its activities based on the principle of cooperatives as well as a people's economic movement based on the principle of kinship. The principle of cooperative, namely: membership is voluntary and open, management is done democratically, the division of Business Result (SHU) is done fairly in proportion to the amount of business services of each member (share of members in the cooperative), reward limited to capital, independence, education and cooperative cooperation between cooperatives

According to Fray in Asnawi Hasan, interpreting cooperatives is an economic organization that has characteristics that are different from other economic organizations. This difference lies in the ethical value system that underlies its life and is embedded in its principles which then serves as ethical norms that denote the cooperative behavior as an economy. The main feature of cooperatives is the cooperation of members with the aim to achieve the welfare of living together.

There are various definitions of cooperatives and if examined carefully, then it appears that the definition is evolving in line with the development of the era. The initial definition generally emphasizes that the cooperative is a venue for the weaker economies, such as Fray's definition, which states that the cooperative is a union with a joint effort agreement consisting of the weak and cultivated always with the spirit of not thinking of themselves in such a way, so that each is able to perform its duties as a member and be rewarded in proportion to their use of the organization.

One important factor to realize good cooperative performance is the role of the Government in the form of legislation regulated and issued in such a way that the system can run well. Some of the laws governing the cooperative are as follows:

1. Act Number 25 of 1992 concerning Cooperatives.
2. Law No. 23 of 2014 on Regional Government.
3. Government Regulation No. 4 of 1994 on Requirements and Procedures for Ratification of Articles of Association and Amendment of Articles of Association of Cooperatives.
4. Government Regulation No. 17/1994 on the Dissolution of Cooperatives by the Government.

In order to create legal certainty for business activities undertaken by cooperatives, it is deemed necessary to grant the legal entity status to a cooperative enterprise with the ratification of its deed of establishment by the Government; Along with the dynamics occurring within the business world, it is possible for the Cooperative to make certain changes to its articles of association which require approval by the Government; In accordance with the provisions in paragraphs (a) and (b) and in accordance with Article 13 of Act Number 25 of 1992 concerning Cooperatives, it is deemed necessary to regulate the requirements and procedures for ratification of the deed of establishment and amendment of the articles of association in the Government Regulation.

The cooperative occupies a very respectable position in the Indonesian economy. This is not only seen in the assertiveness of Article 33 of the 1945 Constitution, but also in Article 4 of Law no. 25 of 1992. In the explanation of Article 33 of the 1945 Constitution for example, the cooperative is clearly stated as a form of company in accordance with the economic system to be built in Indonesia. Whereas in Article 4 of Law no. 25 of 1992, among others, said that the function of cooperatives is to realize and develop the national economy which is a joint effort based on the principle of kinship and economic democracy.

Generally the cooperative is jointly controlled by all its members, in which each member has the same voting rights in every decision taken by the cooperative. The profit sharing of the cooperative (commonly called Time Result of Operations or SHU) is usually calculated based on the share of the member in the cooperative, for example by dividend distribution based on the amount of purchases or sales made by the member.

Cooperative management should be carried out productively, effectively and efficiently. In the sense of cooperatives must have the ability in realizing business services, which can increase the added value and benefits as much as possible to the members, while still considering to obtain the rest of the fair business results. In order to achieve such business capability, the cooperative should be able to make efforts to be flexible, whether related to the upstream and / or downstream industries / products. This means that cooperatives have equal opportunities and opportunities with other economic actors in conducting their business activities.

Cooperative as a business entity must work with the principles and laws of the company's economy, run the principle of business efficiency, which is seeking financial benefits to support themselves. The cooperative should also implement the economic efficiency principle (implementing resource allocations) as well as possible in order to support member welfare programs and economic development for the weak economic class in general. With the cooperative working efficiently both economically and business, the cooperative will be able to serve the interests of its members, as well as cooperatives can serve the surrounding community well. So in the end the cooperative will greatly support the improvement of economic welfare of the weak economic class in a region (rural) in particular and an area of the regional economy (rural) in general. Cooperative and its perpetrators (managers, managers / managers, and members) should be able to work efficiently, in order to compete with other economic actors (private entities and state-owned enterprises) in conducting business activities in all areas of economic life, to improve the welfare of its members.

The scope and broad cooperative as an economic entity will be more complex, so the range of control between management and the further implementation. To be able to control the activities of cooperative operations, management requires a tool that can control the activities of cooperatives. If the policy is applied cooperatives are not tight, then the possibility of misuse will be even greater, this condition will pose a huge risk anyway. For that management is required to be able to create an internal control structure.

Satisfactory internal control structure would be necessary to assist management in monitoring the activities of his subordinates in accordance with the responsibility and the authority delegated to him. To know whether the internal control is running well then management needs to conduct internal examination continuously to internal control structure. Internal audit in the cooperative organization known as the watchdog that a judgment on the effectiveness and adequacy of the internal control structure is there, covering ways of securing the property of the cooperative from the possibility of misappropriation, fraud and other things that harm the cooperative and in case of acts or activities outside the boundaries delegated authority and purpose, with a good watchdog may soon be known and carried out security measures.

## **II. FORMULATION OF THE PROBLEM**

Based on the above background description, the authors formulate the problem as follows:

1. What is the purpose and scope of supervision on improving the quality of Cooperative Institution at the Pare-Pare City Manpower Office?
2. How is the follow up of supervision on the supervision of the Cooperative at the Manpower Office of Pare-Pare City?

## **III. THEORETICAL FRAMEWORK**

### **Theory of Legal Functions**

Joseph Raz's view of the social function of law, both the primary and the secondary direct function as well as the indirect function that strengthens or weakens the tendency to respect certain moral values (Achmad Ali 1990: 101). In this regard, the function of law as a tool of social control and the function of law as a tool of social engineering is relevant as reference with respect to the supervisory function of the cooperative.

The application of the principles of a tool of social control and a tool of social engineering should refer to Lawrence M. Friedman's view that: *...look at law from the outside, if tries to deal with the legal system from the viewpoint of social science. Basically its argues that law is only one of many social system and that other social systems n society give it meaning and effect. ... the people who make apply or use the law are human baings, their behavior is social behavior, yet the study of lay, has proceeded inrelative isolation from other stydies in the social science* (Lawrence M. Friedman. 1975 : 7),

The function of law as a tool of social control, is one of the normative aspects of human social life which is expected to be used as a controlling instrument or social controller to determine the behavior or actions of citizens who deviate from the rule of law. Implementation of the control function of the law, at least can contribute in supervision of the cooperative. The application and implementation of legal functions as a tool of social control for cooperative supervision can be run through two ways (Achmad Ali, 1990 : 102-103), yaitu :The function of law as a means of social control can be exercised by centralized power today in the form of state power exercised The ruling class or an elite. The punishment is usually the form of written law or legislation and the function of law as a tool of social control, can also run itself from below by the community itself. The punishment usually takes the form of what is commonly called custom law or unwritten law.

### **Theory of Legal Effectiveness**

The theory of legal effectiveness was put forward by Bronislaw Malinowski and Soerjono Soekanto. Bronislaw Malinowski (1884-1942) presents the theory of the effectiveness of social or legal control. Bronislaw Malinowski presents the theory of legal effectiveness by analyzing three issues which include:1) In modern society, the social order is maintained among others by a compulsory system of social control, that is, law, to

enforce the law supported by a system of power tools (police, judiciary, etc.) organized by a state.<sup>2</sup>) In primitive societies such power tools sometimes do not exist.<sup>3</sup>) Thus whether in primitive societies there is no law.

*Bronislaw Malinowski analyzes the effectiveness of the law in society. Society can be divided into two, namely modern society and primitive society. Modern society is a society with broad market-based economy, specialization in industry and the use of advanced technology. In modern society, the law created and established by the competent authority is upheld by the police, the court and so on, while the primitive society is a society that has a simple economic system and in primitive society does not recognize the tools of power.*

*Soerjono Soekanto said that effective is the extent to which a group can achieve its goals. Law can be said to be effective if there is a positive legal impact, at that time the law reaches its target in guiding or changing human behavior so that it becomes legal behavior. With regard to the issue of legal effectiveness, the identification of the law is not only with the element of external coercion but also with the court process. The threat of coercion is an absolute element in order that a rule can be categorized as law, then of course this element of coercion is closely related to the effectiveness of whether or not a provision or rule of law.*

Discussing the effectiveness of the law means discussing the legal work force in organizing and or forcing people to obey the law. The law can be effective if the factors affecting the law work well. The size of the effectiveness of a prevailing legislative regulation can be seen from the behavior of the community. A law or regulation will be effective if the citizens behave in accordance with the expected or desired by or the legislation to achieve the desired objectives, then the effectiveness of laws or regulations of the legislation has been achieved. The theory of legal effectiveness according to Soerjono Soekanto is that the effectiveness or absence of a law is determined by 5 (five) factors, namely:

- 1) The legal factor itself (the law).
- 2) Law enforcement factors, namely the parties that make up and apply the law.
- 3) Factors of facilities or facilities that support law enforcement.
- 4) Community factors, ie the environment in which the law applies or applies.
- 5) Cultural factors, namely as a result of work, inventiveness and sense that is based on human initiative in the social life.

#### **IV. DISCUSSION**

In order to realize the management of a democratic cooperative and in accordance with the principle of kekeluargaan, it is fitting for cooperative financial institutions to pay attention and apply professional and responsible management standards such as upholding the principles of transparency, accountability, independence and accountability. One of the cooperative organs that should be functioned properly is the Supervisory Cooperative as regulated in Article 39 of Law No. 25 of 1992 which has the duty to supervise the implementation of the policy and management of the cooperative and make a written report on the results of its supervision. In addition, supervisors have the authority to examine the existing records in the cooperative, especially those related to the financial statements, daily, weekly, monthly or yearly and get all the necessary information during the inspection process. In performing its duties and authority the supervisors must adhere to the principle of professionalism and assertiveness in order to minimize the abuse of authority carried out by the cooperative management so as to disadvantage members in particular and cooperative financial institutions in general.

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Internal audit in the cooperative organization known as the watchdog that a judgment on the effectiveness and adequacy of the internal control structure is there, covering ways of securing the property of the cooperative from the possibility of misappropriation, fraud and other things that harm the cooperative and in case of acts or activities outside the boundaries delegated authority and purpose, with a good watchdog may soon be known and carried out security measures.

Duty to supervise the implementation of policy and management of cooperatives and make a written report on the results of its supervision. In addition, supervisors have the authority to examine the existing records in the cooperative, especially those related to the financial statements, daily, weekly, monthly or yearly and get all the necessary information during the inspection process.

Law as a tool of social control is one of the normative aspects of human social life which is expected to be used as a controlling or social control instrument to determine the behavior or actions of citizens that deviate from the rule of law. one of the equipment of the cooperative to achieve the objective is the supervisor where the

supervisor plays an important role in realizing the effectiveness of the cooperative effort, so in its activities the supervisor has the duty and authority. In Article 38 paragraph (1) UUPK supervisors are tasked with: overseeing the implementation of policies in the *pengelolaan* cooperatives, as well as making a written report on the results of supervision.

The function of supervisors in the supervision of cooperatives in improving the quality of cooperative institutions that cause a deviation in making a report from the party who feel aggrieved it will cause a responsibility for the supervisor in making the report. The legal liability in question is the responsibility due to the use of such authority against a third party, both the responsibilities of office and personal responsibility.

Reality that emerged lately is the case of the cooperative closed some cooperatives caused by unprofessional management, so there was an act of abuse authority performed by the board that resulted in losses for members of course this is very disturbing and bring bad image for the name of cooperatives are known very well in society. In 1997 to 1998 people in South Sulawesi precisely in the city of Parepare and Pinrang district in Hebohan investment bodong under the guise of savings and loan cooperatives or commonly called Kospin. Natural light Kospin and Buakana Sawitto promise 50 percent interest from the amount of deposits. More than 85 percent of customers from Kospin claimed to be in disadvantage in 1998. 50 percent interest in the promise was never paid, even to this day.

Abuse of authority by the Kospin board in this case such as the manipulation of financial data, does not apply good management standards up to the embezzlement of money financial institutions cooperatives for personal gain. Therefore, cooperative financial institutions are required to properly function the organ of supervisors for the sake of continuity of cooperatives and to minimize abuse of authority by the board in order to provide legal protection for members as well as improving the quality of the cooperative institution itself.

Theoretically, the definition of control can be distinguished as "Control as influence" and check "(*ex ante*, *dumque* and *ex post*)" (Carla M. Zoethout et.al. 2000. 132: 135). Supervision is an attempt to keep a work in accordance with its predetermined plans, and with supervision may minimize the occurrence of constraints, while the obstacles that have occurred can be immediately known which can then be done remedial actions (Harjono Sumosudirjo. Dkk. 1983 : 215)

Bohari defines oversight as an activity to obtain certainty whether an execution of work / activity is carried out in accordance with the plan, rules and objectives that have been established (Bohari 1992: 4).

George R. Terry uses the term "control", stating: "Control is to determine what is accomplished, evaluate it, and apply corrective measures, if needed to find results in keeping with the plan." "Supervision determines what has been achieved, evaluates and implements corrective action, if necessary, ensures results according to plan" (George R. Terry, Muchsan 1992: 37).

Meanwhile, Newman argues that "control is assurance that the performance conform to plan". This means that the emphasis of supervision, is an attempt to ensure that the execution of the task can be in accordance with the plan. Thus, according to Newman, supervision, is an action performed during the process of an activity is running, even after the end of the process of such activities.

According to Murugesan, the characteristics of the surveillance, (Murugesan 2012: 112), are: *Control process is universal. Control is essential function in any organization whether it is an industrial unit, university, government office, hospital etc. Control is a continuous process. Control is a never-ending activity on the part of managers. It is a non-stop process. The manager watches the operation of the management and to see whether they are going towards the desired end and if not actions are not taken to correct them. Control is action based. Action is essential element of the control. It is the action, which ensures performance according to the decided standards. Control is forward looking. Control is linked with future not past. A proper control system prevents losses, minimizes wastages. It acts as a preventive measure. And Control is closely linked with planning. Plan gives the direction to various business activities while control verifies and measures the performance of these activities and suggests proper measures to remove the deviations.*

Likewise in relation to the function of supervisors in the supervision of cooperatives in improving the quality of cooperative institutions that lead to a deviation in making a report from the party who feel aggrieved it will cause a responsibility for the supervisor in making the report. The legal liability in question is the responsibility due to the use of such authority against a third party, both the responsibilities of office and personal responsibility.

### **Responsibility of Legal Entity**

Legal entities are lawless subjects such as human beings, so that legal entities can not perform their own legal acts, but are represented by ordinary people, but these persons act not for themselves but for the name of legal persons. these persons act but for the name of this legal entity is called an organ (tool of equipment such as board, board of directors and so on) of the legal entity which is an essential element of the organization of the legal entity.

Legal entity is not a living thing just like a human being. Legal entities lose their thinking power, will, and do not have "centraal bewustzijn". Therefore, he can not do his own legal deeds. He shall act by the hand of ordinary people (natuurlijke personen), but the acting person shall not act for himself or herself, but for and for the accountability of the legal entity.

Ali Rido reveals the legal ability of a legal entity, according to him because the legal entity does not belong to the category of man, so can not get all rights, can not perform all obligations, can not do all the legal acts that can be done by man.

1. The legal or legal power of a legal entity in the field of property law basically shows full equality with a person other than expressly excluded by law, a legal entity may enter into a contract, have a right to use, own a copyright, a mark, a patent and may committing unlawful acts (Article 1365 Civil Code), legal entities may also use names. The limitation of the ability of the law of wealth is the legal entity's right to use no more than thirty years.

2. In family law in the narrow sense the legal entity can not move at all. Beyond the law of wealth, a legal entity may become a guardian. Article 365 of the Civil Code states: "In all cases, when a judge shall appoint a guardian, the trust may be ordered to a charity or charity located in Indonesia, to a charitable foundation or charity situated here, the articles of association, the deeds of its founding or its organs try to keep the children immature for a long time".

How the organ of the legal entity acts and what it must do and what it should not do, all of this is usually determined in the statutes of the legal entity concerned as well as in other regulations. Thus the organ of the legal entity can not act arbitrarily, but is restricted in such a way by the internal rules or regulations applicable within the body of the law, whether contained in the articles of association or other regulations.

The act of organs of a body of law which goes beyond the prescribed limits, shall not be the responsibility of the legal body, but it becomes the personal responsibility of the organ that acts beyond that limit, unless the act is favorable to the legal entity, or higher organ of its position and then consents to the action. And the approval of this higher-end organ must still be within the limits of its competence.

This is in accordance with the provisions of Article 1656 BW which states: "All actions, for which its administrators have no power to do so, are merely binding the association merely to the benefit of the association or whether these deeds have been legally approved".

Article 45 of the KUH Dagang stated that "The responsibility of the Board is nothing more than to fulfill the duties given to them as well as possible; they are because of all the engagement from the company, with themselves not tied to third parties". meanwhile, if they violate any provision of the deed, or of any subsequent amendment thereto of the terms of the foundation, then, for the harm thereby suffered by the third party, they shall each be solely responsible for all".

So clearly in the event that an organ acts outside its authority, then the legal entity can not be held accountable for any consequences, but it is the organ that is personally liable to the injured third party. The legal entities originally represented by the organ are not bound and can not be held accountable by a third party. However, if the organ acts still within the limits of authority given to it, even if there is an error that can be said to be illegal (onrechtmatige daad), the legal entity remains responsible under article 1365 BW..

### **The Process of Cooperation Formation and Dissolution**

Cooperative as a business entity, is a form of association of people and / or cooperative legal bodies with the same interests. Since these cooperatives are usually established by persons with limited tools and capabilities, who have a desire to improve their living standards by mutual cooperation, the procedure or requirements of establishment are cultivated as simple as possible, not convoluted, with relatively small capital requirements, and free of charge.

Requirements for establishing cooperatives that are usually contained in laws or cooperative regulations include the following:

1. People who will establish cooperatives should have the same economic interests.
2. People who establish cooperatives should have the same goals.
3. Must qualify the minimum number of members, as determined by the government.
4. Must meet certain area requirements, as determined by the government.
5. Should have been made the concept of cooperative budget.

If these requirements exist, then the people who initiated the establishment of the cooperative invite for the first meeting, as a meeting of the establishment of the cooperative. The concept of cooperative budget should have been prepared in advance by the founding committee, which will be discussed and ratified in the establishment meeting. In this establishment meeting, in addition to being passed the articles of association of cooperatives, also established the board and supervisor. Once the device is a cooperative organization formed in the founding meeting, then for the next board of the cooperative (co-founder) has kewjaiban apply for endorsement to the competent authority in writing accompanied by the Deed of Establishment of Cooperative

and Minutes of Meeting of Incorporation. This cooperative in the deed contained the Articles of Association of Cooperative which was approved in a meeting standpoint, and also contained the names of the board members (the first) authorized to perform management and apply for endorsement to the competent authority.

On the basis of the application of ratification submitted by the cooperative board (also the founder) in writing, then within a maximum period of 3 (three) months after the receipt of the application for ratification, the official concerned shall provide a decision whether the application is accepted or not.

If the application for ratification is rejected, the reasons for the refusal are notified in writing to the founders within a period of no more than 3 (three) months from the receipt of the application for ratification, the founders / administrators may reapply no later than 1 (one) month after the receipt of the application rejection the. The decision to file a re-application is granted within a period of 1 (one) month at the latest from the receipt of the re-application.

However, if the application of ratification is accepted, then since then the cooperative status as a legal entity. This endorsement is marked by the announcement of the deed of establishment of the cooperative (in which it also contains its articles of association), into the State Gazette of the Republic of Indonesia.

By obtaining status as a legal entity, the cooperative has been acknowledged as a person having the ability to act, possessing the authority to own property, performing legal acts such as: contracting, suing and being sued in court , etc., thereby, as a legal entity, the cooperative is also a legal subject.

However, as a legal subject, the cooperative is the subject of abstract law, whose existence is to human engineering to meet its economic needs. Because it is the subject of abstract law, then in carrying out / performing legal acts, the cooperative is represented by the organizationg ada padanya dalam hal ini adalah pengurus.

### **Dissolution of Cooperatives**

Dissolution of cooperatives can be made based on government decisions or decisions of member meetings. In the event that dissolution is based on the government's decision, then the dissolution decision by the government as intended is done if:

1. There is evidence that the cooperative concerned does not meet the provisions of the law.
2. Its activities are contrary to public order and or morality.
3. Survival can no longer be expected. Decision of dissolution of cooperatives by the government is issued within no later than.
- 4 months from the date of receipt of the notification of the dissolution plan by the cooperative concerned. Within a period of no later than 2 months from the date of receipt of the notice, the cooperative concerned shall have the right to file an objection. The government's decision on the acceptance or rejection of an objection to the dissolution plan is given no later than 1 month from the date of receipt of the objection.

The event of the dissolution of the cooperative, the member shall bear the loss only to the principal savings, the obligatory savings and the investment capital they have. Deletion of the Status of Legal Body continued by announcing the dissolution of the cooperative in the news of the Republic of Indonesia and the status of Cooperative Legal Entity delete since the announcement date of the dissolution of the cooperative in the news of the Republic of Indonesia.

## **V. CONCLUSION**

1. In order to create legal certainty for business activities undertaken by cooperatives, it is deemed necessary to grant the legal entity status to a cooperative enterprise with the ratification of its deed of establishment by the Government; Along with the dynamics that occur in the business world, it is possible for the Cooperative to make certain changes to its articles of association which require approval by the Government.
2. In order to realize the management of a democratic cooperative and in accordance with the principle of kekeluargaan, it is fitting for cooperative financial institutions to pay attention and apply professional and responsible management standards such as upholding the principles of transparency, accountability, independence and accountability. One of the cooperative organs that should be functioned properly is the Supervisory Cooperative as regulated in Article 39 of Law No. 25 of 1992 which has the duty to supervise the implementation of the policy and management of the cooperative and to make a written report on the results of its supervision.

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IOSR Journal Of Humanities And Social Science (IOSR-JHSS) is UGC approved Journal with Sl. No. 5070, Journal no. 49323.

Iwan "Effectiveness Of Cooperative Supervision Functions On Improvement Of Cooperative Institutional Institutions At Labor Of Employees Of Pare-Pare" IOSR Journal Of Humanities And Social Science (IOSR-JHSS). vol. 23 no. 1, 2018, pp. 82-89.