

# The role of the Lestari Farmers Group Cooperative in improving the economic welfare of the Taratak Jarang Community in Solok Regency

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## ABSTRACT

The Lestari Cooperative Farmers Group is a solution to the challenges faced by the community in Nagari Taratak Jarang, Solok Regency, particularly the difficulty in accessing business capital owing to limited banking services. Banking institutions often implement complex procedures and requirements that are difficult for individuals without a collateral or adequate credit history to meet. This study aimed to evaluate the contribution of cooperatives and obstacles experienced by farmer groups in their efforts to improve the economic welfare of the Taratak Jarang community. The research method applied is descriptive qualitative, with informants selected through purposive sampling, including the Cooperative Chair, Secretary, Treasurer, and cooperative beneficiaries. Data sources include primary data obtained from interviews and documentation and secondary data from the Central Statistics Agency (BPS), literature, reports, journals, and other sources. Data analysis was conducted based on the Miles and Huberman framework, which involves data reduction, data presentation, and drawing conclusions. The research findings indicate that the Lestari Cooperative Farmers Group in Taratak Jarang makes a substantial contribution to the economic welfare of its members through savings, loan services, and capital support, although administrative processes and financial recording are still carried out manually. Guidance is provided through deliberations and regular meetings, but the lack of formal training in cooperative and business management hinders the improvement of skills among both the management and members. Member participation is generally good but inconsistent due to economic factors, workload in the field, and a lack of understanding of the cooperative's benefits. Human resources, finances, and facilities have been utilized fairly well, but the potential has not been fully realized because of managerial limitations and slow technology adoption. The minimal use of digital devices for bookkeeping and communication is a major obstacle to work efficiency and effectiveness.

**Keywords:** Role, Lestari Farmers Group Cooperative, Economy

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## 1. INTRODUCTION

A cooperative is a collective business entity operating in the economic sector consisting of members who generally have weak economic conditions. These members join voluntarily under the principle of equal rights and have an obligation to run the business with the aim of meeting their needs (Munir & Indarti, 2011). Cooperatives are regulated in Article 44 of Law Number 25 of 1995, which states that cooperatives may collect and distribute funds through savings and loan activities from and for members and prospective members of the cooperative in question, other cooperatives, and/or their members. Cooperatives are expected to help improve the community economy by providing loans to micro, small, and medium enterprises as initial capital, thereby having a positive impact on society.

In Solok Regency, particularly in the village of Taratak Jarang, the majority of the population relies on the agricultural sector, and the need for capital to support micro, small, and medium enterprises (MSMEs) is very high. These MSMEs are regarded by the community as a means to achieve economic welfare, while the government views MSMEs as instruments to build prosperity for all citizens (Aditia, 2022; Arifandi et al 2020). People in Nagari Taratak Seldom experience difficulties in obtaining capital to develop their businesses because of barriers to accessing formal financial institutions such as banks, which are characterized by complex procedures and challenging requirements, especially for those who do not have adequate collateral or have a poor credit history.

The Lestari Farmers Cooperative emerged as a solution to the challenges faced by Nagari Taratak Jarang residents. As a non-banking financial institution, this cooperative plays a crucial role in driving local economic development, particularly in areas with limited access to formal financial institutions, such as banks. Based on the principles of kinship and mutual cooperation, the Lestari Farmers Cooperative operates by collecting funds from its members through a savings mechanism, which is then redistributed in the form of loans at relatively low interest rates. This makes the cooperative a more affordable alternative for individuals in need of financing for businesses or other purposes, particularly those without access to conventional banking services (Reksodiharjo, 1996). This is particularly relevant considering that most Taratak Jarang residents live in limited economic circumstances, making prudent financial management key to improving the welfare of the local community.

According to the Annual Report of the Lestari Cooperative Farmers Group Members for the period 2022–2024 in Taratak Jarang, member participation and engagement have gradually increased over the past two years. In 2022, the number of active members was recorded as 30, which increased to 45 in 2024. However, the Lestari Cooperative Farmers Group faces various obstacles that hinder its progress and growth. One of the main problems is the suboptimal implementation of payment regulations, which has led to loan arrears and disrupted the smooth operation of cooperatives.

Low member participation in repayment processes delays the distribution of new loans to other members. This is because payment delays affect the cooperative's cash flow, preventing immediate access to funding for new loans. This leads to queues for members applying for new loans, with the loan process taking one to two weeks (Kelompok Tani Lestari Cooperative 2025). Therefore, active member involvement in fulfilling their repayment obligations is crucial for ensuring the timely distribution of new loans to other members. Furthermore, the cooperative has not optimized its initiatives to provide training and development programmes for its members. Consequently, cooperative members have not received sufficient opportunities to gain additional knowledge that could contribute to the improvement of their cooperation.

Despite facing various challenges, the Lestari Cooperative Farmers Group still holds significant potential to boost the community economy in Taratak Jarang. With its social capital, namely kinship ties and mutual cooperation among members, the cooperative can serve as a platform for mutual assistance in efforts to improve economic well-being. Communities can gain access through cooperation to fairer and more beneficial financial services, which in turn will contribute to reducing poverty and improving the quality of life of the people of Taratak Jarang.

Based on this background, the researcher is interested in choosing the title "The Role of the Sustainable Farmers Group Cooperative in Improving the Economic Welfare of the Taratak Jarang Community, Solok Regency."

## **2. METHOD**

This study used a qualitative research method with a descriptive approach. This study examines the role of the Lestari Farmers Group Cooperative in improving the economic welfare of the Taratak Jarang community, Solok Regency, and analyzes the obstacles faced by the cooperative in its efforts to improve the community's economic welfare. Informants were selected through purposive sampling techniques based on certain criteria, including the Chairperson, Secretary, and Treasurer of the Taratak Jarang Lestari Farmers Group Cooperative as well as clients who received benefits from the cooperative. The data sources consisted of primary and secondary sources. Primary data were obtained through direct interviews and documentation with informants, whereas secondary data were obtained from the Central Statistics Agency (BPS), books, reports, journals, and other documents. Data relevant to the research were collected through interviews and documentation. The data validity was tested using the source triangulation method, which relies on data from various sources. The data analysis technique used refers to the Miles and Huberman model, which includes data reduction, data presentation, and conclusion drawing.

## **3. RESULTS AND DISCUSSION**

### **3.1 The Role of the Lestari Farmers Group Cooperative in Improving the Economic Welfare of the Taratak Jarang Community in Solok Regency**

The Lestari Farmers' Group Cooperative plays a strategic role in improving the economic welfare of the Taratak Jarang community in the Solok Regency. As a member-based economic institution, this cooperative serves as a forum for the community to collectively develop its economic potential, strengthen social solidarity, and expand access to economic resources. This cooperative serves not only as a savings and loan institution, but also as a means of community empowerment through productive activities, training, and the application of agricultural technology that supports increased member incomes.

The role of the Sustainable Farmers Group Cooperative can be analyzed by referring to the theory of Robert M. Gagné, which states that the achievement of organizational goals and the development of individual capacity are influenced by several main components that function as driving factors for system effectiveness, namely effectiveness, training and development, participation, resource utilization, and technology.

#### **3.1.1 Effectiveness**

Cooperative effectiveness reflects the extent to which an organization can achieve its stated goals by optimally utilizing available resources. According to [Zulfirnal et al \(2022\)](#), cooperative effectiveness is influenced significantly by the level of member participation and transparency in financial management. Cooperatives that implement the principle of transparency in decision making and financial reporting tend to perform better in achieving organizational goals.

Based on the research results, the work program planning process of the Lestari Farmers Group Cooperative is carried out in a participatory manner through an annual members' meeting (RAT). All decisions are made by consensus among all cooperative members, ensuring that cooperative activities are more aligned with community needs. Each activity plan begins by identifying members' needs and evaluating the results achieved in the previous year. Furthermore, all transactions are recorded in detail and routinely verified by relevant parties to ensure data accuracy.

Treasurers and supervisors minimized the risk of fund misuse. Borrowing and repayment processes are fast, easy, and without significant obstacles. This research finding aligns with that proposed by [Rahmawati and Yuliana \(2021\)](#), who stated that cooperative effectiveness increases when management actively involves members in every stage of planning and evaluation, and maintains orderly and accountable administration. Therefore, the effectiveness of the Lestari Farmers Group Cooperative is achieved through a combination of participatory planning, transparent financial management, and responsive services to member needs.

### **3.1.2 Training and Development**

Training and development are crucial aspects for improving the quality of human resources within cooperatives, aiming to strengthen members' business management skills, understanding cooperative principles, and developing entrepreneurial skills. The Lestari Farmers Group Cooperative faces limited resources and budgets, which are major obstacles to the implementation of its development program. Although the cooperative has demonstrated strong performance in the areas of savings and loans, the lack of capacity-building activities for members can hamper its long-term growth. Training not only improves member competency but also strengthens the independence and sustainability of cooperative businesses. Therefore, a collaborative strategy is needed with government agencies, cooperative offices, and training institutions to provide technical and financial support for implementing development activities.

Borrowing and repayment processes are fast, easy, and simple. This research finding aligns with the study by [Ramadani and Oktayani \(2020\)](#), which states that cooperative effectiveness will increase if management actively involves members in every planning and evaluation process and implements an orderly and accountable administration. Therefore, the effectiveness of the Lestari Farmers Group Cooperative is achieved through a combination of participatory planning, transparent financial management, and responsive services to member needs.

### **3.1.3 Participation**

Participation is a key indicator of a cooperative's success, reflecting the extent to which its members are actively involved in all activities and decision-making processes. Participation extends beyond attendance at member meetings to include involvement in savings and loan activities, savings deposits, and use of cooperative facilities to improve family economic conditions. Research findings indicate that member participation in the Lestari Farmers' Group Cooperative is quite good, particularly in savings and loan activities. Most members regularly deposit mandatory and voluntary savings and utilize the cooperative's loan facilities to meet agricultural and household needs. However, this level of participation is not evenly distributed across all members. Some members are less active in making regular deposits or visit the cooperative only when they need a loan. Interviews with active members indicated that they understood the importance of saving to support the cooperative's sustainability. They view savings contributions not merely as an obligation but also as an investment that provides benefits in the form of business loans. Meanwhile, less active members stated that economic conditions are a major obstacle to making regular deposits, especially during periods of declining harvests.

### **3.1.4 Utilization of Resources**

In the context of cooperatives, resources include human potential, financial capital, infrastructure, and external environmental support, which can be utilized to support operational activities and achieve organizational goals. Effective and efficient resource utilization is an indicator of a cooperative's ability to manage its potential to improve the welfare of its members.

The research results show that the Lestari Farmers Group Cooperative has utilized various internal and external resources to ensure smooth implementation of organizational activities. From a human resource (HR) perspective, the cooperative utilizes managers and members' labor to carry out routine activities such as managing deposits, providing loan services, and preparing annual work plans.

Managers play an active role in coordinating cooperative activities, maintaining administrative records, and ensuring smooth transactions among members. In addition to human resources, financial resources are a key focus in cooperative management. Funds obtained from mandatory and voluntary savings are used as working capital to strengthen savings and loan activities.

Research by Ummah (2019) supports these findings by emphasizing that optimizing human and financial resources plays a crucial role in improving cooperative performance. Member participation in resource management and the use of simple information technology can accelerate administrative processes, increase efficiency, and strengthen member trust in the cooperative. Therefore, it can be concluded that resource management at the Lestari Farmers Group Cooperative is running quite well, particularly in terms of human resources and finances. However, strengthening managerial and technological competencies is still needed to optimize resource utilization and maximize the contribution to the economic welfare of the Taratak Jarang community.

### **3.1.5 Technology**

Technology plays a crucial role in increasing the effectiveness, efficiency, and transparency of organizational management, including cooperatives. The use of technology enables administrative processes, communication, and financial management to be faster, more accurate, and easier to monitor. However, research findings indicate that the Lestari Farmers Group Cooperative has not yet implemented digital technology in its operations. All administrative tasks and transaction recording are still performed manually using cash books and written archives. Beyond financial management, the use of communication technology within the cooperative is also limited. Most members have not utilized social media or digital messaging applications like WhatsApp for communication or coordination. Information regarding meetings, dues, and cooperative activities is generally conveyed directly by the management through face-to-face meetings. This situation is caused by two main factors: low technological literacy among members and minimal initiative from the management to develop a digital-based communication system.

This situation indicates that the Lestari Farmers Group Cooperative is still in the early stages of institutional digitalization. Limited facilities and technological capacity hinder the cooperative from utilizing the potential of digital technology to support its organizational performance. According to Maslow (2010), cooperatives that are able to adapt to technological developments tend to have better financial performance and higher levels of member participation compared to cooperatives that still use manual systems. Moving forward, cooperatives need to strive to increase their technological capacity through basic digital training, providing simple devices such as computers or smartphones, and establishing digital communication groups to strengthen member coordination and participation.

## **3.2 Obstacles Faced by the Lestari Farmers Group Cooperative in Improving the Economic Welfare of the Taratak Jarang Community, Solok Regency.**

The Lestari Farmers Group Cooperative in Nagari Taratak Jarang, Solok Regency, continues to face various challenges in carrying out its business activities, which impact the effectiveness of its management and the achievement of its goal of improving the community's economic welfare. Based on interviews with management and members, the main obstacles faced by the cooperative include human resources, capital, technology utilization, and member participation.

### **3.2.1 Limited Human Resources (HR)**

Limited human resource capacity is a fundamental issue in cooperative management. Most administrators and members still lack adequate expertise in management, administration, and financial management. Lack of training and mentoring has resulted in less effective and efficient cooperative management processes. This aligns with Gagné's theory, which states that an organization's effectiveness depends on the individual's ability to systematically manage available resources. The head of the Lestari Farmers Group Cooperative stated that most members work based on experience without educational

backgrounds in management or administration, thus hampering financial record-keeping and reporting. preparation, and activity planning often encounter obstacles (interview, 11 October 2025). This finding aligns with research conducted by [Pelix and Tongli \(2025\)](#), which stated that low human resource competency in cooperatives is a major factor hampering effective organizational management. Therefore, improving human resource capacity through training, technical guidance, and ongoing mentoring is a crucial step in enabling cooperatives to adapt to the dynamics of modern economic society.

### **3.2.2 Limited Capitalization**

Capital is another significant obstacle to the development of cooperative business activities. Cooperatives' primary capital comes solely from mandatory and voluntary member savings, thus insufficient funds to expand business activities or improve services to members. Access to external financial institutions has also not been optimally utilized. The cooperative secretary explained that dependence on member savings makes it difficult for cooperatives to grow because they lack working partners or financing from other institutions (interview, October 11, 2025). This finding is supported by research by [Sarwoko \(2009\)](#), which shows that limited capital is often a major obstacle to the development of agricultural cooperatives in rural areas. This limited capital hinders innovation, slows the business cycle, and reduces the cooperative's competitiveness in supporting member welfare improvements.

### **3.2.3 Low Utilization of Technology**

In terms of technology, the Lestari Farmers Group Cooperative still relies on manual systems for administration and financial management. Recording is done using cash books and written reports without the aid of computers or digital applications such as Microsoft Excel. Furthermore, communication between members remains conventional, with no WhatsApp group or dedicated cooperative social media channels. This situation indicates that the cooperative has not yet utilized the potential of digital technology to improve its operational efficiency and effectiveness. Gagné emphasized that technology plays a crucial role in accelerating learning and work processes, increasing accuracy, and expanding the reach of information. This is reinforced by research by [Hamdy \(2022\)](#), who found that the application of digital technology, such as financial applications and online communication media, significantly improved administrative performance and member participation in rural cooperatives. Therefore, the low level of technology adoption is a challenge that needs to be addressed immediately by providing facilities and improving the digital literacy of administrators.

### **3.2.4 Low Member Participation**

Member participation remains a significant issue in cooperative management. Some members are not actively involved in cooperative activities, either in terms of paying dues or attending regular meetings. A lack of understanding of the benefits of cooperatives leads to less than optimal member engagement. One cooperative member stated that some members do not make regular savings deposits due to economic constraints and minimal encouragement from management (interview, October 11, 2025). This finding aligns with research by [Arifandy \(2020\)](#), which shows that low member participation directly impacts cooperative performance and sustainability. Therefore, a persuasive and educational approach from management is essential to ensure members understand the importance of active contributions to achieving shared goals.

### **3.2.5 Limited Training and Coaching**

Apart from these four aspects, the lack of ongoing training and mentoring is also an obstacle for cooperatives in strengthening their organizational capacity. Gagné asserts that training plays a role in improving individual competency through structured learning processes. However, up to now, training activities are still rarely conducted by the cooperative itself or by supervisory agencies in the area. This

finding is reinforced by research from [Ramadani and Oktayanni \(2020\)](#), which states that cooperative success is highly dependent on the intensity of guidance provided by relevant agencies as well as regular training for management and members. Consistent coaching will strengthen the managerial, accountability, and professionalism aspects in cooperative management.

#### **4. CONCLUSION**

Based on role indicators according to Robert M. Gagné—effectiveness, training and development, participation, resource utilization, and technology—the Lestari Farmers Group Cooperative in Taratak Jarang has proven to help improve members' economic welfare through savings and loan services and capital support, even though administration and financial record-keeping are still manual. Development is carried out through deliberation and regular meetings, but the lack of formal training in cooperative and business management hampers the improvement of managers' and members' skills. Member participation is generally good but inconsistent due to economic factors, workload in the fields, and a lack of understanding of the benefits of the cooperative. Human, financial, and facility resources have been utilized fairly well, but their potential has not been maximized due to managerial limitations and lack of technology adoption. The minimal use of digital tools for bookkeeping and communication is a major obstacle to work efficiency and effectiveness. Overall, the cooperative is on the right track to strengthening member welfare, but improving professionalism (standardizing administration and financial reporting), implementing structured training programs, strategies to strengthen participation, and digitalizing core processes are very important to increase and sustain the economic impact produced.

#### **Ethical Approval**

Not Applicable

#### **Informed Consent Statement**

Not Applicable

#### **Authors' Contributions**

FMS contributed to the conceptualization, legal framework analysis, and supervision of this study. He also served as corresponding author. ADA contributed to empirical data collection through interviews, literature reviews, and the preparation of the manuscript draft.

#### **Disclosure Statement**

The Authors declare that they have no conflict of interest

#### **Data Availability Statement**

The data presented in this study are available upon request from the corresponding author for privacy.

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#### **Notes on Contributors**

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