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The Subdistrict Government's Strategy for Accelerating the Establishment of the Merah Putih Cooperative in Koto Tangah Subdistrict, Padang City

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Abstract

Although cooperatives as instruments of people-centered economics have received increasing scholarly attention, research specifically examining sub-district government strategies for accelerating the implementation of the Merah Putih Cooperative remains limited. This study aims to analyze the strategies of the sub-district government in accelerating the implementation of the Merah Putih Cooperative in Balai Gadang Sub-district, Padang City, based on Presidential Instruction No. 9 of 2025. A qualitative approach with a descriptive method was employed. Informants were selected using purposive and snowball sampling techniques, while data were collected through interviews, observations, and documentation. The data were analyzed using the Miles and Huberman interactive model. The findings indicate that the strategies implemented were relatively effective and progressive, as reflected in strategy formulation based on local potential and implementation through the development of business units, including honeybee production (*galo-galo*), the provision of basic necessities, and the empowerment of micro, small, and medium enterprises (MSMEs). However, implementation still faces challenges related to regulatory dynamics, capital constraints, and the absence of a

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measurable performance system. This study concludes that sub-district government strategies play a crucial role in accelerating cooperative implementation. The study contributes to policy implementation and local economic development literature by highlighting the importance of locally grounded strategies, strengthened performance systems, and policy support to ensure the sustainability of the Merah Putih Cooperative program.

Keywords: Merah Putih Cooperative; Sub-District Government Strategy; Policy Implementation; Local Economic Development; People-Centered Economy

INTRODUCTION

National economic development in Indonesia does not rely solely on the large-scale industrial sector but is also grounded in the people's economy. One of the key instruments in driving the community economy is the cooperative. In the context of the Indonesian economy, cooperative are constitutionally positioned as the backbone of national economy, as mandated by Article 33 of the 1945 Constitution of the Republic of Indonesia (Mulyana et al., 2026)Cooperatives are viewed as a vehicle for improving members' well-being while strengthening local economic self-reliance through the principles of solidarity and mutual aid. According to a statement by Muhammad Hatta (Arifqi Musfiq, 2020) the implementation of a people-centered economic system in the form of cooperatives can offer a bright outlook for the economy. Cooperatives are classified as a form of economic democracy aimed at achieving community welfare. Welfare is the most critical aspect significantly influencing the pace of economic activity and governance structures. In line with these dynamics, the government (Presidential Instruction of the Republic of Indonesia No. 9 of 2025 on Accelerating the Establishment of "Merah Putih" Village/Neighborhood Cooperatives, 2025)

According to Mubyarto (Arifqi Musfiq, 2020) village cooperatives can serve as a tool to strengthen the people's economic structure through the principles of cooperation and mutual assistance. Through the role of cooperatives as the primary driving force, it is hoped that there will be an increase in productivity, expanded market access, and equitable distribution of the benefits of village development. Rahmat Setiawan, a Professor at Airlangga University, in (Aprilis & Zulkarnain, 2025) that the establishment of the Red and White Village Cooperative (Kopdes) has three main objectives. First, eradicating extreme

poverty in rural areas, which currently affects approximately 3.1 million people. Second, improving the welfare and advancing the development of rural communities through the strengthening of local economic institutions. Third, eradicating exploitative economic practices such as middlemen, loan sharks, online lending, and illegal lending, which have long been the root cause of rural communities' entrapment in the cycle of structural poverty. This policy aims to strengthen cooperative institutions through a new model focused on productive enterprises, rather than merely serving as savings and loan cooperatives. The Merah Putih Cooperative is positioned as a model of a modern cooperative with the potential to adopt innovative digital platform-based business models without compromising the principles of collective ownership and democratic governance (Nugraha, 2026).Through the Merah Putih Cooperative, it is hoped that business units capable of generating sustainable profits will be created, which will then be distributed to members. Thus, this cooperative functions not only as a financial institution but also as a driving force for the real economy.

As mandated by Presidential Instruction No. 9 of 2025, West Sumatra is one of the regions that has responded quickly to the policy aimed at accelerating the establishment of Merah Putih Cooperatives. This is evident from the following table:

Table 1. Report on the Number of Merah Putih Cooperatives Established

Level/Region	Period	Established
West Sumatra	June 2025	1.265
Village/Nagari	June 2025	1.035
Kelurahan	June 2025	230
City of Padang	May 2025	45(final target 104)

Source: Public Information 2025

Based on the Public Information data above as of June 2025, 1,265 cooperatives have been established in this province, comprising 1,035 units at the nagari/village level out of the total 1,035 nagaris/villages in West Sumatra, and 230 units at the kelurahan level. In the City of Padang, the implementation of this policy is beginning to show progress, although only 45 cooperatives had been established by May 2025, while the target is for all 104 urban villages to have a cooperative. The data indicates that, overall, the implementation of the policy to accelerate the formation of Merah Putih Cooperatives in West Sumatra has made significant progress; however, specifically in the City of Padang, more optimal efforts are still needed to meet the set targets.

Based on this data, the implementation of this policy has reached various areas in West Sumatra, including the Balai Gadang neighborhood. Unlike some other regions that

formed cooperatives from scratch, the Merah Putih Cooperative in Balai Gadang was formed through a transformation process from a previously existing cooperative, namely the Madu Galo-Galo Cooperative. This transformation is a distinct advantage because the cooperative already possesses business experience, a member base, and a sufficiently strong social network. Based on data obtained from interviews with the management of the LPM KMP Balai Gadang, the establishment of the cooperative in Balai Gadang did not start from scratch, but rather through a process of institutional transformation of an entity that already had prior business experience. This is a distinct advantage because the cooperative already had a relatively strong membership base, business activities, and social support. Furthermore, in its development process, the Merah Putih Cooperative in Balai Gadang has also secured institutional support, legal standing, and active involvement from various stakeholders. In practice, the Merah Putih Cooperative in Balai Gadang has moved toward business development and partnerships, and has even been designated as a pilot project at the city level. This indicates a higher level of readiness compared to other sub-districts, including in terms of planning business units based on local potential such as galo-galo honey, the tourism sector, MSMEs, and food security. However, in terms of management, these cooperatives still face various challenges, such as constantly changing regulatory dynamics and a lack of understanding among some members of the public regarding cooperatives as productive business entities. These conditions indicate that the success of policy implementation depends not only on institutional development but also on the management strategies implemented at the local level.

Previous research indicates that the implementation of cooperative policies still faces various challenges, such as limited human resources and capital, as well as a lack of public understanding of cooperatives as productive business institutions (Arzewiniga Febianriza, 2025)Furthermore, most prior studies have tended to focus on macro-level policy aspects or employ a literature review approach, resulting in limited in-depth examination of village government strategies within the context of policy implementation at the local level. Consequently, there is a research gap in understanding how village government strategies are formulated and implemented in a contextual manner, particularly in addressing policy dynamics and the socio-economic conditions of the community.

The uniqueness of this study lies in its focus on analyzing village government strategies for managing the Merah Putih Cooperative, which was established through an institutional transformation approach rather than being formed from scratch. Furthermore,

this study comprehensively examines the stages of the strategy from formulation to implementation within the context of the latest policy, namely Presidential Instruction No. 9 of 2025, which has not been extensively discussed in previous research. This study also offers a new perspective by positioning cooperatives as instruments to strengthen the local economy based on regional potential and multi-stakeholder collaboration at the sub-district level.

Theoretically, this study is based on the concept of strategic management, which encompasses the stages of formulation and implementation(Bambang Hariadi, 2005). This approach is used to analyze how village governments respond to policies accelerating the formation of cooperatives through the utilization of local potential, resource management, and institutional strengthening. Thus, this study not only provides empirical contributions but also strengthens theoretical research on the application of strategic management in the context of public administration at the local level.

Empirically, the Balai Gadang subdistrict in Padang City exhibits interesting characteristics in the implementation of the Merah Putih Cooperative, specifically through an institutional transformation approach of an existing cooperative rather than establishing one from scratch. This situation offers advantages in terms of institutional readiness, business experience, and social support. However, various challenges remain in its implementation, such as regulatory dynamics and limited public understanding of cooperatives as productive business institutions. This indicates that the success of policy implementation is determined not only by institutional formation but also by the management strategies applied at the local level. Therefore, it is important to conduct an in-depth study of the sub-district government's strategies in managing the Merah Putih Cooperative in Balai Gadang Sub-district. This research is expected to provide a comprehensive overview of strategic practices at the local level and serve as a foundation for formulating an effective cooperative management model, while also providing input for local governments and cooperative managers in strengthening the role of cooperatives as drivers of the local economy.

METHODS

This study employs a qualitative approach using descriptive methods to examine the strategies of the Subdistrict Government in accelerating the formation of the Merah Putih Cooperative in Balai Gadang Subdistrict, Padang City. Qualitative methods are research procedures that generate descriptive data in the form of written or spoken words

from individuals and observed behaviors (Lexy J. Moleong, 2018) A descriptive qualitative study was conducted to describe existing research without manipulating the data of the variables under study, using face-to-face interviews (Hanyfah et al., 2022) This approach is used to gain a deep understanding of phenomena based on real-world conditions in the field. The focus of this study encompasses two aspects: first, the strategies employed by the Subdistrict Government in implementing the acceleration of the formation of the Merah Putih Cooperative; and second, the supporting factors and obstacles in the implementation of these strategies.

According to (Sugiyono, 2017)the selection of a research location must consider its relevance to the issues being studied as well as the availability of the required data. Therefore, the research was conducted in Balai Gadang Subdistrict, Koto Tangah District, Padang City, which was chosen because it serves as a pilot area for the implementation of this policy. Research informants were selected using purposive sampling, a technique for selecting informants based on specific criteria, in which informants are chosen for their knowledge of and direct involvement with the research subject (Sugiyono, 2017)The informants consisted of the village head, village officials, cooperative administrators, and community leaders. Data collection was conducted through in-depth interviews, observation, and documentation.

The data obtained were then systematically analyzed using the Miles and Huberman interactive model, which includes data reduction, data presentation, and drawing conclusions(Sugiyono, 2020)To ensure data validity, triangulation and member checking techniques were employed. The analysis in this study also refers to Hariadi's strategic management theory, which covers the formulation and implementation stages.

RESULTS

This section presents the research findings regarding the establishment of the Merah Putih Cooperative in Balai Gadang Village, Padang City, including key findings and supporting findings. The research findings cover the initial conditions of the cooperative's establishment, the design of the program, and the implementation of cooperative activities, which are divided into business and social units. These findings are presented based on field data obtained through interviews, observations, and documentation. Additionally, this section identifies the supporting and inhibiting factors in the implementation of the cooperative program, analyzed through the internal and external environmental conditions outlined by (Bambang Hariadi, 2005)

1. The Balai Gadang Subdistrict Government's Strategy for Accelerating the Formation of the Merah Putih Cooperative

The Balai Gadang Subdistrict Government's strategy for accelerating the formation of the Merah Putih Cooperative focuses not only on administrative aspects but also on institutional strengthening and the development of community economic activities. The sub-district government plays a role in facilitating the cooperative formation process, encouraging community participation, and integrating existing businesses into the cooperative system. The approach used tends to be adaptive, leveraging local potential as the foundation for cooperative development.

Additionally, the implemented strategy is directed toward developing structured cooperative programs through business units and social units. Business units focus on improving the community's economy, while social units are aimed at enhancing community welfare and empowerment. In practice, cooperatives do not take over existing businesses but emphasize partnership and integration. More specifically, the findings of this study are outlined in the following key aspects:

a. Institutional Status of the Merah Putih Balai Gadang Cooperative

The Merah Putih Balai Gadang Cooperative has been formally established and holds valid legal status as a cooperative legal entity. This is evidenced by the issuance of legal entity approval through the Decree of the Minister of Law of the Republic of Indonesia Number AHU-0000889.AH.01.29.TAHUN 2025 concerning the Approval of the Establishment of the Legal Entity of the Merah Putih Batipuh Panjang Padang Village Cooperative. Additionally, the cooperative was established based on a notarial deed by H. Yan Vinanda, S.H., No. 29 dated May 23, 2025, and has obtained a Business Identification Number (NIB) with the number 0809250058637 as its legal identity for conducting business activities. This cooperative has also undergone institutional adjustments through the Decree of the Minister of Law of the Republic of Indonesia No. AHU-0001590.AH.01.38.TAHUN 2025 regarding the Ratification of Amendments to the Articles of Association.

These legal credentials demonstrate that the Merah Putih Balai Gadang Cooperative has fulfilled all formal requirements as a community economic institution and possesses legal certainty in conducting its business activities. This situation also strengthens the cooperative's position in establishing partnerships with various parties, including government agencies and financial institutions. Furthermore, this cooperative is the result

of the transformation of the previously existing Galo-Galo Honey Cooperative, thereby possessing initial capital in the form of members, business experience, and established economic activities within the community. This makes the process of establishing the cooperative faster and more adaptable, as it does not start from scratch.

From an institutional perspective, the cooperative already has a clear organizational structure and is supported by facilities and infrastructure, such as a cooperative building and other operational facilities. Support from the village government is also evident in the form of assistance with establishment, provision of facilities, and encouragement of community participation. Thus, institutionally, the Merah Putih Balai Gadang Cooperative has demonstrated initial readiness as a community economic institution, although it still requires further strengthening in operational aspects and business development. This is supported by documentation regarding the cooperative's legal status and supporting facilities, as presented in Figure 1.

Legal Documents and Facilities of the Merah Putih Balai Gadang Cooperative



Figure 1. Legal Documents and Facilities of the Merah Putih Balai Gadang Cooperative (including the notarial deed, NIB, decree of legal entity approval, and the cooperative building)

Source: Researcher's Documentation, 2026

Figure 1 displays evidence of the legal status and readiness of the facilities of the Merah Putih Balai Gadang Cooperative as a community economic institution, including official documents such as the notarial deed, Business Identification Number (NIB), and the Decree of Approval of Legal Entity Status, which serve as the basis for its lawful operations. Additionally, the cooperative's building is shown as a physical facility supporting organizational activities and services to members. The combination of

administrative completeness and the availability of these facilities and infrastructure indicates that the cooperative has a sufficiently strong institutional foundation, making it ready to fulfill its functions and roles, although further strengthening is still needed in the aspects of management and business development.

b. Development of Cooperative Units (Business Units and Social Units)

The development of the Merah Putih Balai Gadang Cooperative is carried out through the establishment of business and social units based on the local community's potential. The strategy employed focuses not only on establishing new businesses but also on strengthening and integrating businesses that have already been established within the community. This approach is evident in the cooperative's predominant use of partnership models, positioning the cooperative as a facilitator, connector, and enabler of local economic activities.

Within the business units, several initiatives are already operational and serve as the cooperative's core pillars, such as the galo-galo honey business, the provision of basic necessities, SME development, and support for logistics and transportation infrastructure. Meanwhile, several other units are still in the development and planning stages, such as the supply of fertilizers and animal feed, tourism management, water resource management, green business, event organizing, and digital printing. This indicates that the development of business units is carried out gradually, adapting to on-the-ground conditions and institutional readiness. This can be seen in Table 1

Development of the Merah Putih Balai Gadang Cooperative Business Unit

Table 1: Development of the Merah Putih Balai Gadang Cooperative Business Unit

No.	Business Unit	Number of Members	Production Volume			Description
			2024	2025	2026	
1.	Galo-galo Honey (already implemented)	50 people	600 kg	800 kg	200 kg	Has a strong foundation in the community, but is still undergoing institutional adjustments and product development
2.	Basic Food Supplies (already implemented	50 people	300 units	300 units	100 units	units Already underway but limited; gas units have not yet been implemented
3.	Provision of Fertilizer and Animal Feed (not yet implemented)	-	-	-	-	Facilities are in place, but awaiting clarification on management
4.	Tourism site management	-	-	-	-	Not yet operational

5.	Water resource management (dried fish)	-	-	-	-	Not yet operational
6.	Pharmacies, herbal shops, and health centers	-	-	-	-	Not directly managed; partnership-based
7.	Integrated SME development and financing	15 People	-	-	-	Already underway; still in the development phase
8.	Circular economy-based green business 1 KTH	1 KTH	-	-	-	Permit already obtained; still seeking support
9.	Event organizer(EO)	-	-	-	-	Still in the early stages
10.	Digital printing	-	-	-	-	Based on collaboration with local businesses
11.	Logistics and transportation services	50 People	-	-	2 vehicles	Already available and ready for use.

Source: Compiled by the researcher (2026)

Based on Table 1 shows that the development of business units at the Balai Gadang Merah Putih Cooperative is still dominated by several existing units, such as galo-galo honey and basic foodstuffs, which have a fairly stable membership base and growing production volumes. Meanwhile, most of the other units are still in the planning or development stage, although some of them already have facilities and initial permits. This indicates that business unit development is being carried out gradually, prioritizing ventures that already have a strong foundation in the community, while aligning with the cooperative's resource and institutional readiness.

On the other hand, the development of social units demonstrates that the cooperative is not solely focused on economic aspects but also plays a role in enhancing community well-being. This can be seen in Table 2

Development of the Merah Putih Balai Gadang Cooperative Social Unit

Table 2: Development of the Merah Putih Balai Gadang Cooperative Social Unit

No.	Social Unit	Number of Members	Output			Description
			2024	2025	2026	
1.	Installation of CCTV in the Balai Gadang neighborhood	-	-	-	-	Still in the planning stage
2.	Provision of healthy meals for the elderly, children with special needs, and children with stunting	-	-	-	-	Partnership in place, production constraints

3.	Educational assistance for high-achieving children from low-income families	-	-	-	-	Not yet a priority
4.	Training on Minangkabau customs and culture	-	-	-	-	Managed by KAN, with cooperatives as partners
5.	Training on funeral arrangements for young men and women	-	-	-	-	Already in place, not yet coordinated
6.	Strengthening food security (sukun)	-	-	-	-	Support for laying hens, household-based
7.	Waste bank management	1 partner	-	-	-	Already underway through the partner
8.	Optimization of mosque and prayer hall activities	The entire Balai Gadang comm	-	-	-	Already active, not yet integrated
9.	Formation of a PMI volunteer team	1 Units	-	-	-	Already in place, not yet coordinated
10.	Basic SAR training for youth leaders	-	-	-	-	Still in the planning stage

Source: Compiled by the researcher (2026)

Based on Table 2 shows that the development of social programs at the Merah Putih Balai Gadang Cooperative is still dominated by initiatives that are in the planning stage and have not yet been optimally coordinated. Nevertheless, several activities have begun to be implemented through partnership models, such as food security and waste banks, as well as plans to provide nutritious meals through the Free Nutritious Meals (MBG) program. However, the majority of social units remain in the planning stage or have not been optimally coordinated, such as CCTV installation, educational assistance, social training, and youth activities. This indicates that the cooperative's social role is beginning to take shape, but still requires strengthening in terms of coordination, program implementation, and integration among activities to achieve a broader impact on the community.

Overall, the development of cooperative units shows that some programs are already underway and have yielded initial impacts, particularly in core business units and social programs based on basic needs. However, many units remain in the planning and development stages, thus requiring institutional strengthening, improved coordination, and resource support. To support these findings, the Cooperative Unit Development Plan can be viewed in Figure 2

Design of the Merah Putih Cooperative Unit in Balai Gadang



Figure 2: Design of the Merah Putih Cooperative Unit in Balai Gadang

Source: Research Documentation, 2026

Figure 2 presents the development plan for the Balai Gadang Merah Putih Cooperative Unit, illustrating the structure and direction of development for various business units as well as planned supporting programs. The figure shows the division of units into several categories, such as core business units that are already operational and beginning to contribute, as well as other units that are still in the planning and development stages. Additionally, the diagram illustrates the interconnection between economic and social programs, which are grounded in meeting the basic needs of members and the surrounding community. This plan underscores the importance of synergy among units, institutional strengthening, and resource support to ensure that all units can develop optimally and sustainably.

c. General Findings on the Strategy

In general, the strategy to accelerate the establishment of the Merah Putih Cooperative in Balai Gadang Village was implemented through an institutional transformation approach, the utilization of local potential, and the integration of economic and social functions. The transformation of the galo-galo honey cooperative into the Merah Putih Cooperative was a key factor in accelerating the formation process, as the cooperative did not start from scratch but already had a membership base of around 50 people, ongoing business activities, and initial financial support. Additionally, the development strategy based on local potential is evident in the utilization of key sectors such as galo-galo honey, MSMEs, and local natural resources, which were subsequently integrated into various cooperative business units.

In its implementation, the cooperative also adopts a partnership-based approach, where most business units are not managed directly but collaborate with existing business actors and community groups, such as Pokdarwis in the tourism sector, forest farmer groups (KTH) in the green business sector, as well as SME operators and digital printing businesses. This model demonstrates that the cooperative acts as a facilitator, aggregator, and connector, rather than as a competitor to community businesses. This strategy is further strengthened by the integration of social and economic programs, such as the food security program and the Free Nutritious Meals (MBG) initiative, which link community production with distribution through the cooperative.

However, the research findings also reveal several obstacles that hinder the optimization of these strategies. Internally, limited working capital remains a major constraint, particularly in the construction of production facilities—such as honey processing facilities—and the development of new business units. Additionally, suboptimal coordination among units and the lack of a fully structured framework for certain social and business programs indicate that institutional capacity is still in the process of being strengthened. Externally, regulatory uncertainty, particularly regarding the management of business units and cooperation with third parties, also influences the cooperative's policy direction, such as the change in status of business units to partners.

Nevertheless, there are several supporting factors that serve as the cooperative's main strengths, namely the availability of strong local potential, support from the village government, and high community participation. This is evident from community involvement in various business units, the presence of active social groups, and support from facilities such as cooperative buildings and logistical resources in the form of two operational vehicles. Given these conditions, the implemented strategy is assessed as having good prospects for sustainability, although it still requires strengthening in the areas of management, funding, and program coordination to ensure optimal and sustainable operation.

2. Supporting and Hindering Factors in the Balai Gadang Subdistrict Government's Strategy

a. Supporting Factors

The primary supporting factor in accelerating the establishment of the Merah Putih Cooperative in Balai Gadang Subdistrict is the existence of the Galo-Galo Honey Cooperative as the initial institutional foundation. This cooperative already has members,

business experience, and the trust of the community, so the formation process does not start from scratch but rather through the transformation of an existing institution. Additionally, high community participation through deliberative mechanisms further strengthens the legitimacy and sense of ownership of the cooperative.

Further support is evident in the availability of facilities and initial funding from the previous cooperative, as well as external support from the government, relevant agencies, and universities in the form of guidance and mentoring. The readiness of facilities and infrastructure, such as the nearly completed construction of the cooperative's retail outlet, also serves as a key factor in supporting operations. Furthermore, the abundance of local business potential and partnership networks—including SMEs, tourism, and community groups—constitutes a strategic strength in the development of collaboration-based cooperatives.

b. Constraints

On the other hand, there are several constraints in the implementation of the strategy. One of the main obstacles is the public's limited understanding of the concept of the Merah Putih Cooperative, which is still viewed as a savings and loan cooperative. This affects public participation and expectations regarding the cooperative.

Additionally, delays in the disbursement of funds from the government have led to capital constraints in implementing the planned programs. Another external factor is the dynamic nature of regulatory changes, which influence policy direction, including the reclassification of certain business units into partnerships. The lack of clarity regarding future cooperative management mechanisms also poses a barrier to strengthening the internal capacity of the management.

Furthermore, challenges in financial management and business sustainability are critical factors that must be addressed. This indicates that while cooperatives have a strong institutional foundation, further strengthening is needed in terms of public understanding, regulatory certainty, and managerial capacity to ensure that implemented strategies can operate optimally.

DISCUSSION

This study aims to analyze the strategies employed by the Balai Gadang Subdistrict Government to accelerate the establishment of the Merah Putih Cooperative, based on the strategic stages outlined by (Bambang Hariadi, 2005) which include indicators such as strategy formulation and implementation. Based on field findings, the strategies

implemented demonstrate an adaptive approach rooted in local potential, leveraging existing institutions as the foundation for accelerating the establishment of the cooperative. However, several challenges in implementation continue to hinder the full optimization of these strategies. The following section presents a discussion of each strategic indicator, accompanied by an interpretation of the research findings.

1. Strategy Formulation

Strategy formulation is the initial stage that determines the direction of an organization through environmental analysis and the establishment of objectives to be achieved. A strategy involves setting an organization's long-term goals and objectives, implementing the necessary actions, and allocating the resources required to achieve those goal Kuncoro & Mudrajat(2016) in (Okta Viana & Febrianyah, 2023) In addition to human and financial resources, the successful implementation of a culture of innovation within an organization is also influenced by visionary and innovative leadership. Leaders who have a clear vision and encourage innovation can create an environment conducive to the development of new ideas and motivate employees to actively participate in the innovation process Rini (2020) in (Wardana & Frinaldi, 2024) According to (Bambang Hariadi, 2005) strategy formulation involves establishing a vision and mission, analyzing the internal and external environment, and setting strategic goals and targets.

Strategy formulation in the establishment of the Merah Putih Cooperative in Balai Gadang Village demonstrates the utilization of internal strengths through the transformation of the Galo-Galo honey cooperative. This transformation served as a strategic step because the cooperative already possessed a member base, business experience, and community trust, meaning the formation process did not start from scratch. This situation reflects the identification of organizational strengths as part of the internal environmental analysis.

Furthermore, community involvement through deliberative mechanisms indicates that strategic goal-setting was conducted in a participatory manner. This approach strengthens social legitimacy and enhances the community's sense of ownership toward the cooperative. This aligns with the research by (Saputri et al., 2025)and (Mamonto Novan & Sumampouw Islamil, 2018) which emphasizes that community and local government involvement are critical factors in the formation of community-based cooperatives.

However, public understanding of the concept of the Merah Putih Cooperative remains uneven, suggesting that the analysis of the external environment has not yet been

fully optimized. This situation indicates weaknesses in public outreach and education efforts. This finding aligansz with the research by (Arzewiniga Febianriza, 2025) and (Laudengi et al., 2024) who states that limited public understanding is one of the main obstacles in the development of the Merah Putih Cooperative. Thus, strategy formulation has proceeded quite well in leveraging internal strengths and engaging the public; however, it still needs to be strengthened in terms of external environmental analysis so that strategic objectives can be achieved more effectively.

2. Strategy Implementation

Strategy implementation is a crucial stage involving program implementation, organizational structure development, and resource allocation. According to Bryson (2018) in(Sukmiridiyanto et al., 2024), strategy helps public organizations identify opportunities and threats in the external environment, as well as internal strengths and weaknesses, which are then used to develop strategies aligned with long-term goals. The implementation of strategic management will provide a clear framework, including various steps and analyses regarding the organization's development (Faujiah et al., n.d.)According to (Bambang Hariadi, 2005) strategy implementation is carried out through the establishment of organizational structures, program development, and the formulation of budgets and implementation procedures.

Strategy implementation in the establishment of the Merah Putih Cooperative in Balai Gadang Village was carried out through the development of business and social units based on local potential. Business units such as galo-galo honey and basic foodstuffs are already operational and serve as the cooperative's primary foundation, while other units are still in the development phase. This demonstrates that strategy implementation is carried out gradually in accordance with the readiness of resources and on-the-ground conditions. Furthermore, the partnership model applied indicates that the cooperative does not take over community businesses but rather acts as a facilitator and liaison. This approach reflects the development of adaptive programs and the utilization of existing socio-economic networks within the community. The integration between business units and social units also demonstrates that the cooperative is not solely focused on economic profit but also on improving community well-being.

However, several obstacles remain in the implementation of the strategy, such as limited working capital, suboptimal coordination among units, and regulatory uncertainty.

These conditions indicate that resource allocation and program implementation have not yet been fully optimized

These Findings align with (Aprilis & Zulkarnain, 2025)research which states that the implementation of the Merah Putih Cooperative still faces challenges in the areas of funding and institutional capacity. Additionally (Afgani & Wanusmawatie, 2025)study indicates that regulatory dynamics and government policies also influence the success of cooperative implementation. Thus, the implementation of the strategy has proceeded fairly well in the initial stages, particularly in the development of programs based on local potential and partnerships. However, further strengthening is needed in the areas of funding, coordination, and regulatory certainty to ensure the strategy can operate more effectively and sustainably.

The findings of this study indicate that a strategy based on institutional transformation and partnerships can serve as an alternative model for accelerating the formation of cooperatives at the village level. Theoretically, this reinforces (Bambang Hariadi, 2005) view that the success of a strategy is determined not only by its formulation but also by the ability to implement it adaptively in response to environmental conditions. In practical terms, increased public outreach, institutional capacity building, and regulatory and financial support are needed for cooperatives to thrive.

This study has limitations due to the limited number of informants and the narrow geographical focus on Balai Gadang Village, making the findings context-specific. Additionally, the use of a qualitative approach allows for subjectivity in data collection. Therefore, future research is recommended to expand the geographical scope and employ a more diverse range of research methods.

CONCLUSION

This study concludes that the Balai Gadang Subdistrict Government's strategy to accelerate the establishment of the Merah Putih Cooperative was implemented through two main stages: strategy formulation and implementation, as outlined by(Bambang Hariadi, 2005). In the formulation stage, the strategy leveraged internal strengths through institutional transformation and community participation, although weaknesses remained regarding community understanding as part of the external environment. In the implementation stage, the strategy was realized through the development of business and social units based on local potential using a partnership approach; however,

implementation was not yet optimal due to limitations in capital, coordination, and regulatory uncertainty.

Theoretically, this study reinforces the importance of the interconnection between strategy formulation and implementation in achieving organizational goals. Practically, these findings indicate that an approach based on local potential and partnerships can serve as a model for accelerating the formation of cooperatives at the village level. Further research is recommended to expand the geographical scope and conduct a more in-depth analysis regarding business sustainability and the economic impact of cooperatives to achieve a more comprehensive understanding.

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