

Strengthening and Revitalizing the Governance of the STIE Mandala Employee Cooperative: A Participatory Action Research Approach

Ihrom Caesar Ananta Putra*, Mainatul Ilmi, Ridha Alfiyanti

Department of Accounting, Faculty of Economics and Business, Institut Teknologi dan Sains Mandala, Indonesia

*Correspondence: ihrom@itsm.ac.id

ABSTRACT

Purposes: This community service program aims to strengthen the governance of the STIE Mandala Employee Cooperative through the revitalization of institutional documents (Statutes and bylaws, organizational structure, and standard operation procedure) and the implementation of a digital-based financial recording system to improve transparency and accountability.

Design/Methodology/Approach: Participatory Action Research (PAR) with five main stages was conducted—socialization, training, technology implementation, mentoring and evaluation, and sustainability planning. Training focused on cooperative management for doing simple accounting, while technology implementation was carried out through the use of automated software templates for financial recording and reporting.

Findings: The activities indicates that there was increased transparency, accountability, and member trust in the cooperative administrators after the initiative was taken. Furthermore, the program also align with the fulfillment of SDGs 8 and 16 regarding decent work and economic growth and strong institutions. To ensure the sustainability of the program, an internal coordinator is appointed after the assistance period.

Originality/Value: This program employs PAR methodology in order to fulfill the SDGs initiative within context of employee cooperative which rarely been noticed by scholars, which can be replicated within similar context.

Keywords: Cooperative; Governance; Transparency; Accountability; Community Service

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Introduction

Cooperatives in Indonesia occupy a pivotal role in reinforcing the community-centered economy, as they are structured not merely as commercial organisations, but also as collective economic institutions that foster participation, mutual support, and equitable distribution of welfare. This position is consistent with the cooperative identity, which places cooperatives as member-based enterprises that combine economic and social purposes through collective ownership, member participation, and democratic control (Novkovic, 2008; Novkovic et al., 2022). Law No. 25 of 1992 asserts that cooperatives are anticipated to serve as a catalyst for an inclusive and sustainable economy. Accordingly, cooperative governance must be underpinned by transparent, accountable, and professionally managed reporting practices. This mandate is further substantiated by the Minister of Cooperatives and Small and Medium Enterprises Regulation No. 12 of 2015, which delineates General Guidelines for Accounting in Real Sector Cooperatives, necessitating the implementation of appropriate financial recording and reporting systems by cooperatives. In the contemporary digital age, these needs have become more significant as cooperatives are expected to adapt to modern administrative frameworks, enhance accountability, and uphold member trust (Sofyani et al., 2022; Purnamawati, 2020).

Nonetheless, many cooperatives continue to face a gap between their strategic economic function and their institutional capability. This issue is particularly evident in small and medium-sized cooperatives, including

employee cooperatives, which often depend on informal administrative methods, manual bookkeeping, and governance structures that have not been consistently revised. From a governance perspective, such conditions may reduce the effectiveness of internal control, weaken accountability, and limit the cooperative's ability to provide credible information for decision-making. Cornforth (2004) explains that cooperative governance contains specific tensions because cooperatives must balance member control, managerial authority, and organizational accountability. Similarly, Spear (2004) emphasizes that governance in democratic member-based organizations depends on how members' interests are represented through democratic processes and how managerial authority is controlled. In the Indonesian context, weak cooperative governance may also affect cooperative performance, particularly when the principles of transparency, accountability, responsibility, independence, and fairness are not properly implemented (Budiyah & Suyono, 2020; Marlina, 2019).

A comparable situation was observed in the STIE Mandala Employee Cooperative. Founded in 1999, this cooperative currently comprises 70 active members, including lecturers, educational personnel, and staff. It functions as a multi-business cooperative with two primary business units: a minimarket and a savings and loan facility. This cooperative possesses considerable potential from an institutional standpoint because it benefits from a stable membership base, operates within an academic setting, and offers services that are directly relevant to members' needs. However, this potential has not been fully realised due to several fundamental governance and administrative issues. The cooperative's articles of association, bylaws, organisational structure, and standard operating procedures have not been revised to align with contemporary organisational requirements. Moreover, financial records continue to be prepared manually, without a clearly defined accounting standard, uniform reporting format, or integrated recording system. Previous studies indicate that accountable cooperative financial reporting is essential because members require reliable information to evaluate cooperative performance and welfare outcomes (Purnamawati, 2020; Putra et al., 2026).

These issues suggest that the primary challenge confronting the cooperative is not solely technical bookkeeping, but a broader institutional governance problem. The lack of updated internal statutes and bylaws, clear standard operating procedures, and an organised financial reporting system has resulted in ambiguity in work allocation, inadequate documentation, limited transparency, and difficulties in generating accountable reports for members. This circumstance may also undermine member trust due to the lack of adequate, timely, and dependable information concerning cooperative performance. In this context, weak accountability results from three interconnected problems: deficient institutional documentation, insufficient financial recording mechanisms, and constrained managerial capacity among cooperative administrators. This condition reflects the argument that cooperative governance improvement requires not only administrative reform, but also clearer accountability structures, stronger member participation, and better internal control mechanisms (Cornforth, 2004; Spear, 2004; Budiyah & Suyono, 2020).

Prior research indicates that strengthening internal control and governance frameworks can improve the quality of cooperative financial reporting and enhance accountability. Putra et al. (2025) demonstrate that the application of an internal control system grounded in the COSO framework enhances the quality of cooperative financial reporting and strengthens organisational accountability. This is also in line with studies on cooperative financial governance, which show that accounting information systems can improve the efficiency, accuracy, transparency, and accountability of cooperative financial management (Murdiono et al., 2025). Nevertheless, such improvement requires not only the provision of technical tools, but also capacity building, mentoring, and institutional support to enable cooperative administrators to understand, implement, and maintain better governance standards. In this regard, the Participatory Action Research approach is relevant because it combines reflection, data collection, action, and stakeholder participation in solving practical institutional problems (Baum et al., 2006).

This community service programme aims to address the specific requirements of the STIE Mandala Employee Cooperative through an institutional strengthening strategy. The programme seeks to assist the cooperative in formulating and revising essential institutional documents, such as statutes and bylaws, organisational structure, and standard operating procedures; establishing an automated Excel-based financial recording system; and enhancing transparent, accountable, and participatory governance practices. An Excel-based system is deemed appropriate due to its simplicity, accessibility, cost-effectiveness, and compatibility with the cooperative's current administrative capabilities, while offering a more systematic framework for financial documentation and reporting. Although simple, this form of digital recording can become an initial step toward more structured financial governance, especially for cooperatives that have not yet adopted more advanced accounting information systems (Murdiono et al., 2025; Purnamawati, 2020).

This programme makes three contributions that are directly related to the broader agenda of achieving the Sustainable Development Goals (SDGs), particularly SDGs 8 and 16. First, it provides direct support to enhance the cooperative's administrative and financial reporting system by preparing institutional documents and implementing a straightforward digital recording system. Second, at the institutional level, it enhances cooperative governance by clarifying roles, procedures, accountability frameworks, and mechanisms for member participation, thus fostering the establishment of a more transparent, accountable, inclusive, and participatory local institution in accordance with SDG 16 on strong institutions. Third, at the academic and community service levels, this programme provides a replicable model of cooperative mentoring that integrates institutional document development, Excel-based financial documentation, and participatory governance strengthening. This contribution also supports SDG 8 on decent work and economic growth because cooperatives are recognized as institutions that can contribute to inclusive economic development, decent work, and sustainable local economies (Filippi et al., 2023; Lafont et al., 2023). Consequently, by enhancing financial reporting, institutional documentation, and accountability frameworks, this community service programme addresses the immediate governance issues of the STIE Mandala Employee Cooperative while simultaneously strengthening cooperative institutions as part of inclusive and sustainable economic development.

Method

Program Design

This community service program at the STIE Mandala Employee Cooperative was designed using a Participatory Action Research (PAR) approach. This approach was selected because the program did not merely aim to transfer knowledge from the university team to the cooperative, but also to actively involve cooperative administrators and members in identifying problems, formulating solutions, implementing improvements, and evaluating the results. Through this participatory design, the program was expected to create a sense of ownership among cooperative stakeholders and ensure that the proposed solutions were relevant to the actual capacity and needs of the partner.

The program was structured into five integrated stages: (1) socialization; (2) training; (3) technology application; (4) mentoring and evaluation and; (5) program sustainability. The socialization stage was intended to build common understanding among cooperative members regarding the objectives, benefits, and expected outcomes of the program. The training stage was designed to improve the capacity of cooperative administrators in cooperative governance and simple accounting practices. The technology application stage focused on the introduction of automated Excel-based financial recording templates that could be used to record savings, loans, and sales transactions. The mentoring and evaluation stage was carried out to ensure that the institutional documents and financial recording system could be implemented properly. Finally, the sustainability stage was designed to ensure that the cooperative could continue the improved governance practices independently after the completion of the program.

Before the implementation of the main activities, an initial assessment was conducted to identify the actual problems faced by the STIE Mandala Employee Cooperative. The assessment showed that the cooperative faced several fundamental governance and administrative problems. *First*, the cooperative did not yet have up-to-date institutional documents, including statutes, bylaws, organizational structure, and standard operating procedures. *Second*, financial recording was still conducted manually and had not been supported by a standardized accounting system. *Third*, the capacity of administrators in cooperative management and accounting was still limited. These conditions caused the cooperative's operational processes to rely heavily on informal and undocumented work practices. As a result, the cooperative experienced difficulties in preparing transparent financial reports, ensuring clear task distribution, and strengthening accountability to its members.

The findings of the initial assessment became the basis for formulating the cooperative governance revitalization program. The problems identified were not merely technical issues related to bookkeeping, but also reflected broader institutional weaknesses. The absence of updated institutional documents created ambiguity in roles, procedures, and accountability mechanisms. Meanwhile, manual financial recording limited the cooperative's ability to produce timely and reliable financial information. Therefore, the program was designed to address both institutional and technical aspects by combining document development, accounting training, digital financial recording, and continuous mentoring.

Program Implementation

The implementation of the program was carried out from July to December 2025 based on stages agreed upon with the partner. The first stage was a socialization activity held on August 4, 2025 (Figure 1). This activity involved cooperative members in an open forum to explain the purpose of the program, the benefits of improving cooperative governance, and the role of members in supporting the program. This stage was important to build participatory commitment and ensure that the program was understood as a collective effort to strengthen the cooperative.

The second stage was training on cooperative management and simple accounting, which was held on October 20, 2025. The training was conducted using interactive methods, including case simulations and hands-on transaction recording practices. Through this method, cooperative administrators were not only introduced to basic concepts of cooperative governance and accounting, but were also guided to apply them directly in practical recording activities. This stage was intended to improve the administrators' technical competence and readiness to use a more systematic financial recording system.

The third stage was the application of technology through the use of automated Excel-based financial recording templates. The templates were designed to support the recording of savings, loans, and sales transactions, as well as to assist the cooperative in preparing basic financial reports, including profit and loss statements, balance sheets, statements of changes in equity, and cash flow reports. The use of Excel was considered appropriate because it is simple, accessible, low-cost, and compatible with the current administrative capacity of the cooperative. The trial process was conducted using real cooperative transactions so that administrators could directly understand the benefits of more efficient and standardized financial recording.

The fourth stage consisted of mentoring and evaluation. Mentoring was carried out through weekly visits and technical discussions with cooperative administrators. The mentoring activities covered the use of financial statement templates, the preparation and review of draft statutes and standard operating procedures, and the trial of financial recording practices. Institutional evaluation was conducted on December 1, 2025, involving administrators, supervisors, and member representatives. This evaluation resulted in a draft statute that was ready to be discussed further at the Annual Member Meeting in early 2026.

The final stage focused on program sustainability. To ensure continuity, the cooperative appointed an internal coordinator, namely the Chairman of the Cooperative as the person in charge of following up the program results. In addition, an annual work plan based on capacity building was prepared to guide the cooperative in continuing the improved governance and financial recording practices independently. Through these stages, the program did not only address immediate problems related to institutional documents and manual financial recording, but also established a foundation for more transparent, accountable, and sustainable cooperative governance.



Figure 1 Socialization, Training and Mentoring, Monitoring and Evaluation

Results and Discussions

Results

The community service process at the STIE Mandala Employee Cooperative takes place dynamically through a series of structured activities. The socialization stage successfully built members' awareness of the importance of transparent and accountable cooperative governance. The open forum held at the beginning of the activity encouraged active member participation, creating a shared commitment to support institutional revitalization. The training that followed provided practical knowledge for administrators and members in cooperative management and simple accounting. Case simulations and hands-on transaction recording practices gave participants more trust in managing cooperative administration and finances.

The application of technology through the use of automated Excel templates is a concrete step in solving manual recording problems (Figure 2). With this system, cooperatives are able to compile standard financial reports such as Profit and Loss, Balance Sheet, Changes in Equity, and Cash Flow more quickly and accurately. Weekly assistance provided by the service team ensures that institutional documents such as draft statutes and standard operation procedures can be properly implemented, while also providing a forum for discussion for administrators to resolve any technical issues that arise. Institutional evaluations conducted jointly with administrators, supervisors, and members have resulted in a new draft of the statutes that is ready to be ratified at the Annual Members' Meeting.

In addition to technical results, this activity also brought about significant social changes. First, it created a new awareness among members regarding the importance of transparency and accountability in cooperative management. Second, it gave rise to local leadership through the appointment of internal coordinators as persons responsible for program sustainability, demonstrating the cooperative's internal commitment to continuing institutional transformation. Third, there has been an increase in members' trust in the management, as reflected in their active participation in testing the recording system and discussing institutional documents. These changes mark a social transformation within the cooperative, from an informal work pattern to a more systematic, documented, and procedure-based governance.

Overall, the program results show that simple interventions based on modern management and practical technology can have a real impact, both institutionally and socially. Cooperatives not only obtained new documents and systems, but also built a more professional and participatory work culture, which is an important foundation for business sustainability in the future.

Discussion

The results of this community service program show that governance revitalization at the STIE Mandala Employee Cooperative helped improve institutional order, financial transparency, accountability, and member trust. The program addressed basic problems that had limited the cooperative's performance, particularly outdated institutional documents, manual financial recording, and limited administrative capacity among cooperative administrators. These conditions indicate that the cooperative required not only technical assistance, but also institutional strengthening to ensure that its management practices could become more structured and reliable.

The initial assessment found that the cooperative still relied on informal work practices. Institutional documents such as statutes, bylaws, organizational structure, and standard operating procedures had not been updated, while financial records were still prepared manually. This condition made task distribution, supervision, and accountability reporting less clear. Therefore, the program was designed not only to improve bookkeeping, but also to strengthen the cooperative's institutional foundation so that daily operations could be supported by clearer rules, procedures, and reporting mechanisms.

The preparation of institutional documents became an important step in clarifying roles, responsibilities, and work procedures within the cooperative. Clearer documents helped the cooperative build a stronger basis for decision-making, internal supervision, and reporting to members. Moreover, Budiayah and Suyono (2020) and Murdiono et al. (2025) suggests that organization requires clear institutional documents and standardized accounting practices to support transparency and accountability.

Furthermore, PAR approach made the program more relevant to the cooperative's actual needs. Members and administrators were actively involved in socialization, training, implementation, and evaluation, which encouraged a sense of ownership toward the improvement process. This involvement was important because governance reform in a cooperative cannot depend only on administrators, but also requires member awareness and participation.

Moreover, use of automated Excel-based financial recording also provided a practical solution for the cooperative. Although simple, the system was suitable for the current capacity of the administrators and could be applied directly to daily transactions, including savings, loans, and sales. This step helped create more systematic financial records, reduced dependence on manual recording, and made it easier for administrators to prepare basic financial reports. In this sense, the Excel-based system can serve as an initial foundation for stronger internal control in the future, as suggested by Putra et al. (2026).

This program also encouraged changes in work habits and participation. Administrators became more disciplined in recording transactions, while members became more involved in discussions and evaluation activities. These changes show that cooperative revitalization is not only reflected in the availability of documents and templates, but also in the gradual development of a more accountable work culture. This finding is in line with Putra et al. (2026), who emphasizes that modern cooperative governance can encourage social transformation through clearer roles, stronger participation, and the emergence of local leadership. Align with the fulfilment of SDG 8 and SDG 16—which is strengthening the cooperative as a member-based economic institution with better governance, clearer accountability mechanisms, improved financial reporting, and more participatory decision-making—this program contributes to the STIE Mandala Employee Cooperative operation to be as a transparent, sustainable, and trusted local institution.

Conclusion

The community service program focused on revitalizing the management of the STIE Mandala Employee Cooperative has yielded tangible results in strengthening institutional capacity and improving the

transparency and accountability of cooperative management. Through stages of socialization, training, technology implementation, mentoring, and sustainability, the cooperative has successfully drafted the latest statutes and bylaws, implemented an automated Excel-based financial recording system, and improved the capacity of administrators in cooperative management and simple accounting.

Theoretically, these results emphasize the importance of organizational governance based on institutional documents and standardized accounting systems. The findings also indicate that the implementation of an internal control framework can improve the quality of financial reports and build member trust. From a social perspective, this program proves the effectiveness of the PAR approach in encouraging member participation, building collective awareness, and fostering local leadership committed to cooperative sustainability.

Recommendations for further service include developing a more comprehensive digital application-based financial recording system, so that cooperatives can adapt to the demands of the digital age and improve operational efficiency. In addition, advanced training on risk management, internal control, and transparency-based governance needs to be conducted regularly to strengthen the capacity of cooperative human resources.

Universities are also expected to continue their assistance and publish the results of their community service so that they can serve as a reference for other cooperatives at the local level. The implications of these service activities are the formation of a stronger institutional foundation, a systematic work culture, and increased member trust in management. This transformation not only strengthens cooperatives as employee economic institutions, but also supports the achievement of SDGs point 8 on decent work and economic growth and point 16 on strong institutions. Thus, this program can be a replication model for other cooperatives facing similar problems, while strengthening the role of cooperatives in community-based economic development.

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Conflict of interest

The authors declare no conflict of interest. The funders had no role in the design of the study; in the collection, analyses, or interpretation of data; in the writing of the manuscript, or in the decision to publish the results.