

Analysis Of Financial Performance In The Cooperative Of The Republic Indonesia (Kpri) Banjarnegara

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ABSTRACT

A cooperative is a people's economic organization with a social character, consisting of members, or a cooperative legal entity with an economic arrangement as a joint effort based on the principle of kinship. Cooperatives as economic organizations are expected to become alternative financial institutions and are required to control their business effectively and efficiently. Cooperative management must always make improvements in order to achieve its goals. The purpose of cooperatives is to promote the welfare of members in particular and society in general and participate in building the national economic order in order to create an advanced, just and prosperous society based on Pancasila and the 1945 Constitution. production and savings and loans. Cooperative performance is assessed to determine the sustainability of the cooperative's business. So for that it is necessary to periodically evaluate the performance of the cooperative in accordance with applicable regulations.

The purpose of this study is to determine how the performance of cooperatives as a business entity and to determine the qualifications of cooperatives in terms of aspects of capital, quality of productive assets, efficiency, liquidity and independence and growth as well as developments or trends in financial performance in cooperatives. The object of research is the Civil Servant Cooperative of the Republic of Indonesia, Hesti Utama, the Regional Secretariat of Banjarnegara Regency.

The research hypotheses include; 1). The financial performance of KPRI Hesti Utama Regional Secretariat of Banjarnegara Regency in terms of Capital Aspects, Earning Asset Quality, Efficiency, Liquidity, and Independence and Growth, from 2014 to 2018 in a fairly healthy condition, and 2). The financial performance development of KPRI Hesti Utama Regional Secretariat of Banjarnegara Regency has an upward trend.

The qualification test for cooperatives is used by the Deputy for Supervision of the Ministry of Cooperatives and Small and Medium Enterprises of the Republic of Indonesia Regulation Number: 06 / Per / Dep.6 / IV / 2016 concerning Guidelines for Health Assessment of Savings and Loans Cooperatives and Cooperative Savings and Loans Units, which are based on an assessment of the

Capital Aspects , Earning Asset Quality, Efficiency, Liquidity, and Independence and Growth. Based on the results of the analysis, the total value of the qualification results from 2014 to 2018 was 58.67, which indicates that the condition of KPRI Hesti Utama Banjarnegara with the qualifications in Supervision.

The analysis result of trend line equation for each financial ratio shows that during the last five years the trend is increasing. The cooperative must endeavor to improve the condition of its financial health. Performance appraisal is carried out by maximizing the management of capital funds owned, reducing NPL or non-performing loans and streamlining costs. The development of the financial performance of KPRI Hesti Utama Regional Secretariat of Banjarnegara Regency has a tendency to increase, although not completely, thus cooperatives must continue to improve their performance and evaluate existing financial ratios, where the tendency of increasing ratios indicates that the quality of cooperative financial performance is getting better.

Keywords: Cooperatives, Financial Performance, Financial Ratios, and Assessment Qualifications.

1. Introduction

A cooperative is a people's economic organization with a social character, consisting of members, or a cooperative legal entity which is an economic arrangement as a joint effort based on the principle of kinship. Cooperatives as economic organizations are expected to become alternative financial institutions, and they are also required to control their business effectively and efficiently, always making improvements in order to achieve their goals, namely advancing the welfare of members in particular and society in general and participating in building the national economic order in order to realize an advanced, just and prosperous society based on Pancasila and the 1945 Constitution (Law No. 25 of 1992).

The operating of cooperative activities has been regulated by the Government through the Ministry of Cooperatives and Small and Medium Enterprises. Cooperatives are economic organizations that try to use the economic resources of their members to advance the welfare of their members. Cooperatives as business entities can carry out their own business activities and can also cooperate with other business entities, such as private companies and state companies (Law No. 25 of 1992). Analyzing and finding the relationship between the results of financial ratio analysis as mentioned above which aims to determine cooperative policy requires an appropriate analysis. Policy making based solely on one of the results of financial ratio analysis will not get maximum results but is misleading. To be able to get maximum policy results and the right decisions, knowledge of existing financial ratio analysis relationships is needed.

The analytical tool among the various analysis tools that are usually used to measure the strengths and weaknesses of cooperatives, especially in the financial sector, is financial ratio analysis. Financial ratio analysis has many uses both for the cooperative itself / internal cooperatives and for external / external cooperatives. For internal cooperatives themselves, financial ratio analysis can be used as a basis for making decisions and policies in the financial sector. In addition, financial ratio analysis is used as an indispensable tool in assessing past management achievements

and future prospects. For parties outside the cooperative, financial ratio analysis is also very important, especially for parties who have relationships with cooperatives such as potential investors / creditors who will invest in cooperatives or provide loans to cooperatives (Alwi, 2003). Financial ratio analysis varies widely and depending on the parties who need it, ratio analysis is used according to the interests of the parties conducting the analysis. For outsiders, in this case creditors will focus their analysis on liquidity, while prospective investors / stock buyers will focus more on analyzing their profitability or profitability (Sartono, 2001).

Research on financial performance has been carried out with different results, including research conducted by Saraswati *et al* (2013), using calculations referring to the Decree of the Minister of Cooperatives and SMEs No.129 / KEP / M. KUKM / XI / 2002 resulted in a very ideal liquidity ratio, ideal category solvency ratio, unfavorable category profitability ratio, and quite effective category activity ratio. Wardhani's research (2012), using calculations referring to the Regulation of the State Minister for Cooperatives and Small and Medium Enterprises of the Republic of Indonesia Number: 14 / Per / M.KUKM / XII / 2009 resulted in the health level of USP KPRI UB getting the title as a cooperative that is "Healthy Enough" .

2. Literature Review

Another study conducted by Djumahir and Salim (2001) , using Discriminant Analysis produces no relationship strong between the ratios of financial and performance KPRI, while p enelitian conducted by Erindani (2014) , using the calculation of the liquidity ratio, solvency, and the profitability ratio or profitability with the results of the analysis for five years of cooperative financial turnover has fluctuated in *quick ratios* and profitability ratios, however in fulfilling current liabilities with current assets obtained are still efficient and in generating profit is quite efficient. Research conducted by Budiadi (2011) uses liquidity, leverage and profitability ratios with the results of analysis of liquidity ratios in an illiquid state, effective cash management, unfavorable leverage ratio, and profitability ratio in a fairly productive and effective state.

Research by Sathyamoorthi *et al* (2016) shows that *s elected Savings and Credit Co-operative Societies* (SACCOS) achieve good financial results and are in a strong financial position, the results also show a significant relationship between the ratio of net income and ratio of use of capital. They then also succeeded in attracting more members and thus contributing significantly to poverty reduction and drivers of economic diversification in the country.

Research by Sasmita (2016) shows that capital structure has a positive and significant impact on financial performance, loans have a positive and significant impact on financial performance, and bad credit has a negative and significant impact on financial performance, while research by Lakew *et al* (2014) shows that the financial position of the trade union does not maintain a satisfactory level of performance, that union lending strength and union profitability are lower than average. The utilization of union assets was not satisfactory and the unions had to sell additional share capital and unproductive fixed assets to increase their own capital.

Research from Hariyanto, *et al* (2018) using calculations that refer to the regulation of the Minister of Cooperatives of the Republic of Indonesia No. 20 / Per / m. KUKM / XI / 2008 , shows that the financial performance is "quite healthy", while research from Kromkratoke and Suwanmaneepong (2018) shows that seven cooperatives (87.5%) have financial performance ratios that can accepted,

the ability of the rubber cooperatives to meet current obligations and use resources effectively, and only one cooperative investing in rubber processed an unacceptably financial performance ratio lower than 2.

Based on the results of the research that has been conducted by these researchers, they describe different financial performance conditions, with different regulatory references, but the results of the research tend to be sufficient, so based on these results the researcher wants to find out whether the financial performance of the Employee Cooperative The Republic of Indonesia Hesti Utama Regional Secretariat of Banjarnegara Regency is also quite healthy. The calculation of financial performance in this study refers to the Regulation of the Deputy for Supervision of the Ministry of Cooperatives and Small and Medium Enterprises of the Republic of Indonesia Number: 06 / Per / Dep.6 / IV / 2016 concerning Guidelines for Health Assessment of Savings and Loans Cooperatives and Cooperative Savings and Loans Units.

Hypothesis:

1. The financial performance condition of the Civil Servant Cooperative of the Republic of Indonesia Hesti Utama Regional Secretariat of Banjarnegara Regency when viewed from the aspects of capital, Earning Asset Quality, Efficiency, Liquidity, and Independence and Growth is healthy.
2. The tendency of the financial ratio in the Civil Service Cooperative of the Republic of Indonesia, Hesti Utama, the Regional Secretariat of Banjarnegara Regency to increase.

3. Research Methodology

1. To find out the qualifications of cooperatives, the Deputy for Supervision of the Ministry of Cooperatives and Small and Medium Enterprises Regulation Number: 06 / Per / Dep.6 / IV / 2016 concerning Guidelines for Health Assessment of Savings and Loans Cooperatives and Cooperative Savings and Loans Units is used, which is based on an assessment of these aspects. Capital, Earning Asset Quality, Efficiency, Liquidity, and Independence and Growth are as follows:
 - a. The Capital Aspect is assessed on the ratio of own capital to assets, the ratio of own capital to risky loans, the ratio of own capital adequacy.
 - b. Assessment of Earning Asset Quality is based on 4 (four) ratios, namely: Loan Volume Ratio of Members to Volume of Loans Provided , Risk Ratio of Non Performing Loans to Risk of Loans Provided , Ratio of Reserves to Risk of Non-Performing Loans , and Ratio of Loans that are Risk to Loans which is Given.
 - c. Cooperative Efficiency Assessment Based on 3 (three) ratios, namely: Ratio of Member Operating Expenses to Gross Participation , Ratio of Operating Expenses to Gross SHU , Service Efficiency Ratio n.
 - d. Quantitative Assessment of Liquidity is carried out on 2 (two) ratios, namely: Cash to Current Liabilities , Ratio of Loans to Funds Received .
 - e. Assessment of Independence and Growth is based on 3 (three) ratios: Asset Profitability , Own Capital Profitability , Service Operational Independence .

Regulation of the Deputy for Supervision of the Ministry of Cooperatives and Small and Medium Enterprises of the Republic of Indonesia Number: 06 / Per / Dep.6 / IV / 2016 stipulates the health predicate for savings and loan cooperatives based on the following scores:

Table 1. Determination of Health Level Predicate

Rating Score	Predicate
$80.00 \leq X \leq 100$	Healthy
$66.00 \leq X < 80.00$	Fairly Healthy
$51.00 \leq X < 66.00$	Under supervision
> 51.00	Under Special Supervision

Hypothesis criteria;

The hypothesis is accepted if ; the cooperative predicate has a total score of 66.00 to 80.00 or is included in the predicate "Fairly Healthy".

The hypothesis is rejected if ; cooperative predicate has a total score other than between 66.00 to 80.00 or not included in the predicate "Fairly Healthy"

2. To know the development of financial ratios or trends each year statistically in KPRI Top Hesti Banjarnegara Regional Secretariat used the method of least squares sum (*Least Square method*) .

4. Analysis Results and Discussion

The results of the analysis show that the qualification value of the KPRI Hesti Utama Regional Secretariat of Banjarnegara Regency from 2014 to 2018 was 58.67 and entered into a cooperative with the qualification "Under Supervision", with an assessment score between 51.00 to 66.00 . This Supervision Criteria means that the cooperative must really be closely monitored and evaluated continuously. The main cause is the management is not maximal in managing existing assets resulting in defaults of members, and this has implications for decreased cooperative income. Thus, KPRI Hesti Utama Regional Secretariat of Banjarnegara Regency must continue to strive to improve the condition of its financial health level, by maximizing the management of capital funds owned, suppressing NPLs or loans that are problematic and streamlining the costs issued.

The development of financial performance KPRI Top Hesti Secretariat Banjarnegara regency have a tendency to rise , although not completely because there are 1 ratio fixed and 4 ratios were worth negative. The condition of the increasing financial performance ratio shows that KPRI Hesti Utama Regional Secretariat of Banjarnegara Regency is getting better in managing its business, but the management must continue to improve and evaluate each ratio.

Table 2. Recapitulation of *Trend* Values and Their Causes KPRI Main Hesti Regional Secretariat of Banjarnegara Regency from 2014 to 2018 .

Ratio Type	Information	Condition	Cause	Solution
Aspect :				

Capital				
1. Ratio of Own Capital to Total Asset	To increase	Well	Own capital is increasing, whereas assets are decreasing	enlarge SHU, principal savings, mandatory savings, and reserve funds
1. Ratio of Own Capital to Risks of Loans	To increase	Well	Own capital is increasing, while the risky loans are decreasing	provide awareness to members of the importance of smooth installment payments
1. Own Capital Adequacy Ratio	To increase	Well	the increase in own weighted capital while the value of RWA is decreasing	supervise the use of own capital funds originating from compulsory savings and principal savings
Assessment of Earning Asset Quality				
1. Ratio of Loan Volume to Members to Volume of Loans Granted	Permanent	Not good	the amount of loan volume to members is equal to the volume of existing loans which results in a constant ratio value	oversee loan expenditures, paying attention to members who are often in arrears
1. Ratio of the Risk of Non Performing Loans to Risk of Loans Provided	To increase	Not good	Failed to pay	supervise members who default on, the way is to restructure loans

1. Ratio of Reserve Risk to Risk of Non Performing Loans	Decreased	Not good	Decreased reserve funds	to increase the reserve fund, the way is to set aside funds from SHU
1. Risk Loan Ratio Against Loans Provided	To increase	Not good	The number of non-performing loans is increasing because of the large number of customers who apply for credit extension or rescheduling	debt restructuring, credit extension or rescheduling
Cooperative Assessment		Efficiency		
1. Ratio of Member Operating Expenses to Gross Participation	To increase	Not good	Decreasing inflation cooperative income	streamline and operational costs
1. Ratio of Operating Expenses to Gross SHU	Decreased	Well	Decreased operating expenses due to budget cuts	streamline the operational budget
1. Service Efficiency Ratio	Decreased	Well	Budget cuts due to decreased cooperative income	streamline the operational budget
Quantitative Assessment of Liquidity				

1. Cash Current Liabilities Ratio	To increase	Well	The decrease in current liabilities is greater than the decrease in cash	committed to always fulfilling its obligations, both short and long term obligations
1. The Ratio of Loans Given to Funds Received	Decreased	Not good	Decreased cooperative income, reducing the ability to provide loans	be more selective in providing loans
Assessment of Independence and Growth				
1. Asset Rentability Ratio	To increase	Well	There was an increase in SHU, offset by a decrease in total assets	open business units such as shops
1. Own Capital Ratio	Decreased	Not good	The share of SHU is fluctuating and tends to decrease, on the other hand the total capital itself is also fluctuating and tends to increase	supervise the use of capital for productive business activities
1. Service Operational Independence Ratio	To increase	Well	The decrease in net participation was offset by a decrease in operating expenses and operating expenses, which in essence the main cause is the decreasing income of the cooperative	make efficient use of capital

		due to customer defaults.	
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5. Conclusion

Based on the results of the calculation of cooperative qualification based on the Regulation of the Deputy for Supervision of the Ministry of Cooperatives and Small and Medium Enterprises of the Republic of Indonesia Number: 06 / Per / Dep.6 / IV / 2016 concerning Guidelines for Health Assessment of Savings and Loans Cooperatives and Cooperative Savings and Loans Units, which are based on an assessment of the Capital Aspects, Earning Asset Quality, Efficiency, Liquidity, and Independence and Growth, the total value of the qualification results from 2014 to 2018 is 58.67, which if we put this value into qualifications to enter the cooperative with the qualification " Under Supervision ", with an assessment score between 51.00 to 66.00 . Based on the calculation of the trend line equation for each financial ratio, it shows that during the last five years 2015 to 2019 there is an upward trend .

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