



# Analysis of the principles of good corporate governance accountability and responsibility for the ministry of cooperatives in the case of the Indosurya savings and loan cooperative

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## ABSTRACT

This study aims to determine the results of the analysis of the principles of Good Corporate Governance accountability and responsibility carried out by the Ministry of Cooperatives on supervising the performance of the Indosurya Savings and Loans Cooperative. The case of the Indosurya Savings and Loan Cooperative is the largest cooperative fraud case in Indonesia. It is necessary to analyze the performance of cooperative supervisory institutions and tighten cooperative regulations so that people are protected and similar cases do not recur. The research method used is descriptive qualitative. The analysis uses the principles of Good Corporate Governance, among others *accountability and responsibility*. As a result, the Ministry of Cooperatives neglected to oversee the performance of the Indosurya Savings and Loans Cooperative.

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## INTRODUCTION

At the Indosurya Cipta KSP, it started when the public funds stored in the Indosurya Cipta KSP reached IDR 106 trillion and could not be disbursed. This cooperative promises high interest of 9% to 12% per year in its investment program. This percentage setting is far above the deposit interest which ranges from 5% to 7% in the same period. (Sumiyati et al., 2021). The number of customers owned is 23,000 customers, largest in Indonesian history (Arini, 2022). Another example is the Prosperous Joint Cooperative and the Pracico Cooperative (Chaniscara, 2021; Hidayat, 2021). These cooperatives are cooperatives with large asset values. For example, the Indosurya cooperative, which even has its own Graha building in the Setiabudi area, South Jakarta, worth IDR 100 billion (Kompas, 2022a). So the question is why default can occur in such a large cooperative. (Zuhri Ruslan, 2023).

Cooperatives are part of a market system that will compete with other business units in the same market to be able to provide the best service to members and other communities outside of members so that cooperatives must have a comparative advantage (Hendar and Kusnadi, 2005:17). Dr. Fay (1908), which states that a cooperative is an association with the aim of always trying

in a selfless spirit in such a way that each is able to carry out its obligations as a member and get rewards in proportion to their utilization of the organization.(Isa, 2017)Comparative advantage can be created if cooperatives adhere not only to traditional governance but must implement governance that focuses on expanding customer satisfaction and consumer desires. The existence of cooperatives is indeed a phenomenon in itself, because no other similar institution is able to match it, but at the same time it is expected to be a counterweight to other economic pillars. In general, cooperatives also need a tool that can be used to determine the financial performance of cooperatives so that management from the cooperative can carry out their duties and obligations properly in accordance with the goals of cooperatives in general.(Tolong et al., 2020)

According to David, the Savings and Loans Cooperative is a non-bank financial institution whose job is to provide community services, in the form of loans and a place to save money for the community.According to SP Hasibuan, the savings and loan itself is a transaction that collects funds in the form of a loan and distributes it back in the form of a loan to members in need.(Abdul et al., 2021)

Based on Article 4 of Law No. 17 of 2012, cooperatives aim to improve the welfare of members in particular and society in general, as well as being an integral part of a democratic and just national economic order. This is where the true meaning of cooperatives is, namely a joint business association based on the principle of kinship. All members of the Cooperative are a family that has the same goal, namely to promote shared economic prosperity. This goal will be achieved if every member of the Cooperative is willing to do real work and contribute his services to the Cooperative (Britney Azzahra Wiguna & Yeti Sumiyati, 2022).

Cooperative performance is a measure of achieving a goal that has been set by the cooperative. Performance is taken from the word Job Performance which is likened to an achievement from the work that has been done. Seeing this, the measurement of cooperative performance governance can be interpreted as an effort made by interested parties in assessing the results of work carried out by cooperatives. To achieve good governance, cooperatives need to apply the principles of Good Corporate Governance (Princess, 2023).

Good Governance was born from public disapproval of the "Government" system in the early 1990s. This is because the concept of "Government" has drawn a lot of criticism because it tends to underestimate people's aspirations. Indonesia finally implemented this concept through the "Good Governance" program which integrated with aid programs such as civil society which was then used as a government institution to deal with delegitimization so that it dominated the direction of bureaucratic reform.(Deviani & Widiyanto, 2022). This action caused a strong protest from society or the public. The public considers that management in managing the company ignores the interests of the shareholders as the owners of the company's capital. Mergers and acquisitions at that time caused losses to shareholders due to management errors in decision making. To guarantee and secure the rights of shareholders, the concept of empowering Commissioners emerged as one of the discourses on upholding Good Corporate Governance (GCG).(Hamdani, 2016)

Good corporate governance (GCG) is definitively a system that regulates and controlling a company that creates added value (value added) for all stakeholders (Kaihatsu, 2006).Good Corporate Governance is a set of rules governing the relationship between shareholders, management (managers) of the company, creditors, government, employees and other internal and external stakeholders relating to their rights and obligations, or in other words a system that manage and control the company (Rahayu, 2010). Good Corporate Governance has 5 principles, namely: Transparency, Accountability, Responsibility, Independence and Fairness (Endiana, 2019). This research will discuss the 2 principles of Good Corporate Governance namely Accountability and Responsibility (Kolang et al., 2020).

Accountability, namely the company must be able to account for its performance in a transparent and fair manner (Gede Diah Ary Pradnyaswari & Gusti Ayu Made Asri Dwija Putri, 2016). Accountability is a manifestation of the obligation of a person or organizational unit to be

accountable for the management and control of resources and the implementation of policies entrusted to them in order to achieve goals. Whereas responsibility is that companies must comply with laws and regulations and carry out responsibilities towards society and the environment so that long-term business continuity can be maintained and be recognized as a good corporate citizen. Good Governance was born out of public disapproval of the "Government" system in the early 1990s. This is because the concept of "Government" has drawn a lot of criticism because it tends to underestimate people's aspirations. Indonesia has finally implemented this concept through the "Good Governance" program which integrates with aid programs such as civil society which is then used as a government institution to deal with delegitimization so that it dominates the direction of bureaucratic reform (Badruzaman & Chairunnisa, 2018).

In the case of KSP Indosurya, the Ministry of Cooperatives is responsible for overseeing the performance of KSP Indosurya. The performance of the Ministry of Cooperatives must be measured so that it is known how the government carries out what it is responsible for. Performance measurement is a systematic process to assess whether the planned program of activities has been implemented according to the plan, and what is more important is whether the success that has been targeted at the time of planning has been achieved (Novatiani et al., 2019).

Due to the emergence of the Indosurya KSP case, it is necessary to evaluate the role of the Ministry of Cooperatives in carrying out its duties as supervisor of cooperatives in Indonesia. In addition, the occurrence of the KSP Indosurya case proves that cooperative regulations in Indonesia are still very lax, the need to revise regulations related to cooperatives is something that must be implemented immediately to avoid a similar case recurred. Based on this, the researcher is interested in conducting research on "Analysis of the principles of good corporate governance accountability and responsibility for the ministry of cooperatives in the case of the Indosurya savings and loan cooperative"

## RESEARCH METHOD

This study uses a descriptive qualitative research method using secondary data the research method is a scientific way to obtain data with specific purposes and uses (Sugiyono, 2015: 3). Furthermore Arikunto (2013: 203) states that the method research is the method used by researchers in collecting research data. As already explained, the variations of the method in question are: questionnaires, interviews, observations, test, documentation. The research method used is descriptive qualitative method (Hodsay & Yolanda, 2019)

The qualitative method is a particular tradition in the social sciences which fundamentally relies on observing human beings and relating to these people in their language and in their terms.(Gumilang, 2016). Methodologically, quantitative research is closely related to the use of deductive logic where theories and hypotheses are tested in causal logic. Static designs are used through establishing concepts, research variables and hypotheses.(Somantri, 2005).

The nature of the research used in this paper is descriptive, which is a method that functions to describe or give an overview of the object under study through information or samples that have been collected as they are without conducting analysis and making general conclusions.(Fithri et al., 2022).Descriptive research: is research conducted to determine the value of an independent variable, either one variable or more (independent) without making comparisons, or connecting with other variables.(Darna & Herlina, 2018)

Secondary data is "data sources that do not directly provide data to data collectors". Examples such as from other people or documents. Secondary data is data that supports the needs of primary data. The secondary data used in this study are journal documents, news related to KSP Indosurya and laws and regulations related to cooperatives.(Pratwi, 2017).

The analysis was carried out by comparing the events that occurred with the principles of Accountability and Responsibility and based on Law No. 17 of 2012 related to Cooperatives whether

these events were proven to violate the principles of Good Corporate Governance and Law No. 17 of 2012 or vice versa.

## RESULTS AND DISCUSSIONS

Based on the results of data collection through journals, the latest news regarding the KSP Indosurya case and laws regarding cooperatives. The Ministry of Cooperatives was negligent in supervising the performance of the Indosurya Savings and Loans Cooperative (KSP).

Onin the case of the Indosurya Savings and Loans Cooperative, Indosurya did not explain that the form of the company was a cooperative where there were mandatory contributions that members had to deposit every month. So that customers have not been considered cooperative members by KSP Indosurya. KSP Indosurya's illegal collection was a crime that was planned, organized and carried out by professionals in their field. The total funds collected amounted to IDR 106 trillion from 23,000 victims. The funds were diverted into assets such as houses, land, apartments and a number of luxury vehicles. If the Ministry of Cooperatives supervises the performance of cooperatives properly, KSP Indosurya's fraud can be detected earlier through supervision regarding the implementation of management and fundraising by members of the Cooperative. This violates the principle of Good Corporate Governance, namely Accountability. Misappropriation of the management and collection of Cooperative Funds was discovered not through the results of supervision but through reports of Indosurya Cooperative customers who were unable to cash out the money they had. For this reason, it is necessary to ask how the Ministry of Cooperatives has supervised cooperatives in Indonesia so far. The principle of Accountability is carrying out responsibilities according to the rules, in Law No. 17 of 2012, the Ministry of Cooperatives is responsible for overseeing the performance of Cooperatives in Indonesia, with the emergence of the Indosurya case and through customer reporting KSP Indosurya not through investigations the Ministry of Cooperatives indicates, the responsibility for supervision The Ministry of Cooperatives is not running properly.

Supervision of the Ministry of Cooperatives is also regulated in Law No. 7 of 2017 related to the supervision and examination that was arrested in CHAPTER IX Articles 96-98. There it is clearly stated that the Ministry of Cooperatives is obliged to supervise the performance of cooperatives and carry out inspections, so that with the Indosurya Savings and Loans Cooperative case, the Ministry of Cooperatives was negligent in carrying out its supervisory function. In the principle of Good Corporate Governance, the Ministry of Cooperatives violates the function of responsibility, namely that in carrying out supervisory duties it must be in accordance with the applicable laws and regulations.

With this incident, the Ministry of Cooperatives is responsible for restoring public trust in the Ministry of Cooperatives which was tarnished by the KSP Indosurya case because it was negligent in carrying out its supervisory responsibilities. With this incident, the Ministry of Cooperatives is responsible for restoring public trust in the Ministry of Cooperatives which was tarnished by the KSP Indosurya case because it was negligent in carrying out its supervisory responsibilities.

## CONCLUSION

The Ministry of Cooperatives does not implement the principles of Good Corporate Governance in supervising the performance of the Indosurya Savings and Loans Cooperative, so fraud and deception occurs among cooperative members.

The Ministry of Cooperatives must improve supervisory performance and improve regulations related to cooperative supervision, to prevent fraud that may arise in the future.

The Ministry of Cooperatives must immediately resolve the case of the Indosurya Savings and Loans Cooperative and demand a refund for the customers of the Indosurya Savings and Loans

Cooperative. This case has an impact on the level of public trust in the performance of the Ministry of Cooperatives. This case provides a lesson for the Ministry of Cooperatives as described in the previous paragraph and also for the Indonesian people. After this incident, the community had to be more careful in choosing financial depository and management institutions. The public must study these institutions and understand the regulations in Indonesia and see the company's record before investing money in a company so that they are not easily tempted by the high interest rates offered by a company's marketing.

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