



FACTORS THAT INFLUENCE THE HEALTH LEVELS OF SAVING AND LOAN COOPERATIVES (KSP)/ SAVING AND LOAN UNIT (USP) COOPERATIVES IN NORTH JAKARTA, INDONESIA

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ABSTRACT

This study examines factors (Capital, Quality of Production Asset, Management, Efficiency, Liquidity, Independence & Growth, Cooperative Identity) that influence the health levels of Savings and Loans Cooperatives (KSP)/ Savings and Loans Unit (USP) Cooperatives in North Jakarta, Jakarta Indonesia. In North Jakarta, Health Assessment program for KSP and USP Cooperative existed and has been operational, and thus, they are qualified to carry out health assessment activities. The data used in this study are primary data and secondary data. The Primary data is the respondent's answers concerning issues related to institutional, finance and management aspects. The Secondary data is data from KSP / USP annual report and data from related instances from the Departement of SMEs and Trade Cooperative of North Jakarta. The analysis technique used in descriptive analysis in order to determine the level of soundness of 30 KSP and USP Cooperatives in North Jakarta. The analysis showed that: 1) The overall level of health of KSP / USP Cooperative in North Jakarta on 30. KSP/USP cooperative sampled in this study, in terms of capital, quality of production asset, management, efficiency, liquidity, independence & growth, cooperative identity, an resulting into healthy and reasonably healthy status. 2) Simultaneously capital, productivity, asset quality, management, efficiency, liquidity, Independence & growth, cooperative identity variables have significant effect on the soundness of the KSP / USP Cooperative in North Jakarta with a coefficient of determination (R^2) = 99.6%. 3) Individually, capital, production, asset quality, management, efficiency, liquidity, independence & growth, cooperative identity variables have positive and significant impact on the level of soundness of KSP / USP cooperatives in North Jakarta. 4) Finally, production, asset quality, liquidity, independence & growth are the dominant variables that affect the level of soundness of KSP / USP cooperative in North Jakarta.

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1. Introduction

In Indonesia there are 3 business entities namely - state-owned enterprises, private ones and cooperatives. Cooperatives a business entity which is still lagging behind state-owned enterprises and private enterprises. In such economic circumstances, cooperatives should have a wide range and business opportunities in connection to people's interests and economic life. But in the fast-paced economic development, the growth of cooperatives has not been fully accomplished according to their role as mentioned in the 1945 Constitution.

The development of cooperatives needs to be directed as to play a significant role in the national economy. In addition, cooperatives actually apply the principles of cooperatives and economic business rules. Thus, cooperatives will be a stable economic organization, democratic, autonomous, participative and having a social character. Cooperative coaching is basically meant to encourage cooperatives to run business activities and play a major role in people's economic life.

Governments, both central and regional, create the climate and conditions that promote growth and popularization of cooperatives. Similarly, the government provides guidance, ease and protection to cooperatives. Furthermore, the Government may stipulate the field of economic activity which is only cultivated by the cooperative. In addition, the Government may also stipulate the area of economic activity of a certain region which has been successfully sought by the cooperative and will not be undertaken by other business entities. This is done with due regard to the national economic interests and the realization of equal opportunities.

Cooperatives that can contribute to people's welfare and this gain the ability to finance, to manage itself, to increase the power of its members, to provide capital facilities, to encourage its members to develop their business or open new business. A cooperative that can provide to its members is a cooperative of a healthy state.

In connection to the efforts of speeding up the welfare gain of its members, the cooperative will sooner generate a greater positive impact by means of providing members with working capital, than compared to providing assistance in improving the consumption of goods and services. In relation to that type of cooperative should the Cooperative Savings and Loans (KSP) and Unit Savings and Loans (USP) evolve.

A cooperative can be defined as an autonomous association of persons united voluntarily to meet their common economic, social and cultural needs and aspirations through a jointly-owned and democratically-controlled enterprise. A cooperative is a business with a legal entity, with a member-oriented effort to produce added value that can be utilized for improving the welfare of its members. In addition, the cooperative is also a people-oriented economic movement, aiming to foster community participation in an effort to strengthen the structure of the national economy based on economic democracy and on the principle of kinship. KSP / USP Cooperative is expected, in the future, to be able to provide capital for developing small business.

KSP/USP cooperative management must be a professional one based on the principle of soundness and transparency, in order to gain depositors' trust. In order to develop a sound and credible Savings and Loans Cooperative, intensive coaching is needed so that capabilities are increased in providing better services to its members and to the community.

Cooperative health assessment is used to determine how healthy the cooperative is in carrying out its business. In order for the assessment to obtain valid results and be useful for decision makers it has to focus on the cooperative's capacity of developing its business. The development of savings and credit cooperatives as a non-banking financial institution should be enhanced and also its understanding of financial aspects and of financial assessment. It is intended to assess the health level of KSP / USP Cooperative performance through the measurement of several aspects, among others are capital aspects, productive asset aspects, management aspects, efficiency aspects, liquidity aspects, independency aspects and growth and identity of the cooperative.

Therefore KSP / USP Cooperatives can maintain the trust level of members and communities, through the enhancement of the capability and role of KSP / USP Cooperatives and it is expected for them not only to expand the economic base but also to overcome the gap for members or communities who need easy loans and have simple requirements, thus KSP / USP Cooperative can contribute to accelerating structural changes namely the quick and cheap provision of capital for members.

In the administrative city of North Jakarta the number of cooperatives, according to legal entities, reaches 984 cooperatives, 380 active cooperatives or 40%, and 102 healthy institutional cooperatives or 27% of the total active and 11% of the cooperatives according to legal entities.

From 2016 to 2020, North Jakarta has operated 984 Cooperatives, consisting of Savings and Loans

Cooperatives and Multipurpose Business Cooperatives with Savings and Loans (USP). Based on that, it is necessary to analyse aiming to identify the factors that affect the health level of Cooperative Savings and Loans / USP Cooperative In North Jakarta.

2. Methods

2.1 Sampling and Data Collection

This study was carried out in North Jakarta Municipality, which has 6 sub-districts, covering 20 urban villages and Jakarta which is the capital city of Indonesia. The data were collected from a sample of 30 randomly selected Cooperative Business Cooperatives and Savings and Loans Cooperatives. The data used in this study are primary data and secondary data. The Primary data is the respondent's answer concerning institutional, financial and management aspects. The secondary data is data from KSP / USP annual report and data from related instances from the Departement of SMEs and Trade Cooperative of North Jakarta.

2.2 Methodes of Data Analysis

Descriptive statistics, financial ratios derived from the financial statements including regression technique were used to analyse the data. The analysis technique used in descriptive analysis to determine the level of healthiness of 30 KSP and USP Cooperative in North Jakarta, multiple linear regression analysis to determine the effect of independent variable on dependent variable either simultaneously or partial, and standardize coefficients is applied to determine which variable is the most dominant.

3. Result and Discussion

3.1 Data Analysis Technique

In order to answer the purpose of the research we should determine the health level of 30 KSP / USP Cooperative in North Jakarta Municipality using descriptive analysis techniques as follows:

- a. CAPITAL ASPECT
 - 1). Equity/Own capital ratio to total asset
 - 2). Equity/Own capital ratio to loan is given risky
 - 3). Capital adequacy ratio (CAR)
- b. QUALITY OF PRODUCTIVE ASSETS ASPECT
 - 1). Loan volume and member ratio to loan volume given
 - 2). Non-performing loan risk ratio to loan given
 - 3). Ratio of risk reserves to non- performing loan risk
 - 4). loan ratio at risk to loan given
- c. MANAGEMENT'S ASPECT
 - 1). General Management
 - 2). Institutional Management
 - 3). Capital Management
 - 4). Asset Management
 - 5). Liquidity Management
- d. EFISIENCE
 - 1). Operational cost to service ratio of gross participation
 - 2). Operating expenses to net enrollment ratio
 - 3). service efficiency ratio
- e. LIKUIDITAS
 - 1). Cash Ratio
 - 2). Loan ratio given to funds received
- f. INDEPENDENCE AND GROWTH
 - 1). Ratio of Rentabilitas Assets (ROA)
 - 2). Ratio of Own Capital Rentabilitas (ROE)

- 3). Operational Self-Service Ratio
- g. IDENTITY OF COOPERATIVE
 - 1). Gross Participation Ratio
 - 2). Member Economic Promotion Rate (PEA)

After the calculation using the above formula and management assessment, SCORING will be conducted and from the cumulative scoring achieved by each KSP / USP Koperasi, with the following weighting in accordance with the Regulation of Minister of Cooperatives and SME Number: 14/2009 on Amendment of Ministerial Regulation Cooperative and SME Number: 20 / Per /M.KUKM/XI/2008 regarding Health Assessment Guidelines for Savings and Loans Cooperative and Cooperative Savings and Loan Units dated November 14, 2008

2.3 Qualitative Analysis

Based on data obtained from the Office of Cooperatives of Small and Medium Enterprises of North Jakarta Municipality related to factors affecting the health level of KSP in North Jakarta Municipality, it can be recapitulated KSP / USP Koperasi health level from aspects of Capital, Quality of Production Assets, Management, Efficiency, Liquidity, Independence & Growth, Cooperative Identity.

From the analysis of 30 KSP / USP Cooperative in North Jakarta Municipality which is used as research sample only 18 KSP / USP or 60 percent are included in the healthy forecast, 12 KSP / USP or 40 percent are included in the healthy enough category, 0 KSP / USP or 0 percent included in the less healthy group, and 0 KSP / USP or 0 percent are not healthy. This indicates that some KSP / USP Cooperatives in North Jakarta Municipality are still inadequately operating so that they need to be re-evaluated so that the KSP / USP can meet the criteria to become a non-banking financial institution in its role as a financial institution that helps improve the development of small and medium enterprises for the people in North Jakarta Municipality.

2.4 Quantitative Analysis

a. Multiple Linear Regression

Based on the result of data processed by using SPSS program hence can compiled the estimation of multiple linear regression model as follows.

$$\hat{Y} = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 + \beta_6 X_6 + \beta_7 X_7$$

$$\hat{Y} = -0,223 + 0,994X_1 + 1,007X_2 + 0,974X_3 + 0,970X_4 + 1,058X_5 + 1,049X_6 + 0,986X_7$$

$$\text{Sig. (0,00) (0,00) (0,00) (0,00) (0,00) (0,00) (0,00)}$$

$$t (0.31) (0.39) (0.37) (0.35) (0.50) (0.28) (0.13) F = 10.43 \text{ Prob.} = 0,000$$

$$R^2 = 0.996 = 99.6 \text{ percent}$$

Influence of Capital Variable, Quality of Production Asset, Management, Efficiency, Liquidity, Independence & Growth, Cooperative Identity Simultaneously to KSP Health Level in North Jakarta Municipality

Analysis of simultaneous regression testing with F-test, showed that Fcount (10,43) > Ftable (2,71) with probability 0,000. This means that the capital variables, quality of production assets, management, efficiency, liquidity, Independence & growth, cooperative identity simultaneously have a significant effect on the health level of KSP in North Jakarta Municipality.

The value of coefficient of determination (R²) of 0.996 means that the variation of ups and downs of KSP / USP cooperative health level in North Jakarta Municipality amounted to 99.6 percent influenced by variation in aspects of capital, quality of production, assets, management, efficiency, liquidity, self-reliance & growth, while the rest of 99.6 percent influenced by other variables that are not included in the research model.

This is in accordance with research conducted by Ismi Handayani (2019) stating that the aspect of capital, productive asset quality, management, rentability and liquidity have significant effect simultaneously on the level of cooperative health in Sharia Savings and Loans Cooperative BMT Akbar year 2016-2017. A similar study was conducted by Sri Purniyanti (2019) who stated that capital, productive asset quality, management, earnings and liquidity have significant effect simultaneously, management, rentability and liquidity have significant influence simultaneously to health level of Village Unit Cooperative in Regency Semarang

2.5 Effect of Capital Variables, Quality of Production Assets, Management, Efficiency,

Liquidity, Independence & Growth, Identity of Cooperative Partially on KSP Health Level in North Jakarta

Partial regression test with t-test to see one by one the influence of independent variable to dependent variable, as listed in Appendix 1, so that can be interpreted as follows:

- 1). The regression coefficient X1 for the capital variable is 0.994 (probability = 0,000), indicates that capital affects the health level of KSP in Gianyar regency. This means that if capital increases, the health of KSP will also increase or vice versa. This research is in accordance with research conducted by Sri Purniyanti (2019) which states that capital has a significant effect on health level KUD in Semarang regency.
- 2). The regression coefficient X2 for productive asset quality variable is 1.007 (probability = 0,000), shows that the quality of productive asset has a positive and significant effect to the health level of KSP in North Jakarta Municipality. This is because the health level of KSP / USP Cooperative in North Jakarta Municipality increased along with the increase of earning assets quality score. In addition, most of the KSP / USP Cooperatives that are used as research samples have average quality of productive assets are quite good and stable, even some are perfect, with the score reaches a maximum limit of 30. This can happen because the loan is only given to members, problem loans are relatively small when compared with loans and the existence of risk reserve funds to cover the troubled loans so as not to disrupt cooperative operations. This is in accordance with research conducted by Sri Purniyanti (2019) which states that the quality of productive assets have a positive and significant impact on health level KUD in Semarang regency. A similar study was also conducted by Judge Miftakhul Huda (2017), who stated that the quality of productive assets has a positive and significant impact on the health assessment of some cooperatives in Prigi District, Watulimo District, Trenggalek Regency.
- 3). The regression coefficient of X3 for the management variable is 0.974 (probability = 0,000), shows that management has an effect on the health of KSP in North Jakarta Municipality. This research is not in accordance with the research conducted by Judge Miftakhul Huda (2017), which stated that management aspect does not significantly influence the health assessment of some cooperatives in Prigi District, Watulimo District, Trenggalek Regency.
- 4). The regression coefficient X4 for the profitability variable is 0.970 (probability = 0,000). This shows that rentability has a positive and significant effect on the health level of KSP in North Jakarta Municipality. This is because most of the cooperatives studied achieve near perfect score of profitability of 15. Some cooperatives are able to obtain a good profitability score because the value of SHU before taxes obtained relatively large when compared with operating income or total assets. This research is also in accordance with research conducted by Judge Miftakhul Huda (2017), which states that the aspect of rentability has a significant effect on the health assessment of some cooperatives in Prigi District, Watulimo District, Trenggalek Regency.
- 5). The regression coefficient X5 for the liquidity variable is 1.058 (probability = 0,000), shows that liquidity has a positive and significant effect to the health level of KSP in North Jakarta Municipality. This is because almost all KSP in North Jakarta Municipality achieve maximum liquidity score of 10. This means that most of KSP is able to manage its liquidity ratio well because it has a liquidity monitoring system in carrying out its operational activities. This research is in accordance with research conducted by Sri Purniyanti (2019) which states that liquidity has a significant effect on health level KUD in Semarang regency. A similar study was also conducted by Judge Miftakhul Huda (2017), who stated that liquidity has a positive and significant effect on health assessment of some cooperatives in Prigi area, Watulimo Sub-district, Trenggalek regency.
- 6). The regression coefficient X6 for the liquidity variable is 1.049 (probability = 0,000), it indicates that Independence & Growth, positively and significantly influence the health level of KSP in North Jakarta Municipality.
- 7). The regression coefficient of X7 for the liquidity variable is 0.986 (probability = 0,000),

shows that the identity of the cooperative has a positive and significant effect to the health level of KSP in North Jakarta Municipality.

The most dominant influence factors among capital variables, quality of production assets, management, efficiency, liquidity, independence & growth, cooperative identity of KSP health level in North Jakarta Municipality

Based on the results of the data by using spss 24.0 program by looking at the absolute value of standardized beta coefficients or standardized coefficients beta value obtained that among the variables capital, quality assets production, management, efficiency, liquidity, self-reliance & growth, cooperative identity: production asset quality, liquidity, independence & growth have the most dominant influence on health level of KSP in North Jakarta Municipality. This is seen from the value of earning asset quality on the value of standardized coefficients beta of 0.599, this value is the highest among other variables

The acquisition of productive asset quality as the most dominant variable affecting the health level of KSP / USP Cooperative in North Jakarta Municipality is due to the ratio of productive asset quality relating to loans provided by KSP / USP Cooperative which include volume of loan to members, loan volume, problem loans and risk reserves. Where these ratios greatly determine the level of health KSP/ USP Cooperative. If KSP / USP Koperasi is not able to manage the ratio of the quality of earning assets is well then it can be concluded KSP / USP Cooperative health level will decrease.

4. Conclusions

Based on the previous discussion, it can be concluded as; The overall level of health of KSP / USP Cooperative in North Jakarta Municipality at 30 KSP sampled in this study, viewed from the aspect of capital, quality of production asset, management, efficiency, liquidity, independence & growth, cooperative identity, included in healthy predicate and quite healthy.

Simultaneously capital variables, productivity asset quality, management, efficiency, liquidity, independence & growth, cooperative identity significantly influence health level KSP / USP Cooperative in North Jakarta Municipality with determination coefficient (R²) 99.6%.

Partially, capital variables, production asset quality, management, efficiency, liquidity, independence & growth, cooperative Identity has positive and significant impact on health level of KSP/USP Koperasi in North Jakarta Municipality.

Quality of production asset, liquidity, independence & growth as the most dominant variable affecting health level KSP / USP Cooperative in North Jakarta Municipality.

The conclusions derived from this study contain several policy implications that need to be considered, namely; For the KSP / USP Cooperative who get a healthy predicate in order to maintain the conditions that have been achieved until now. As for KSP / USP predicated enough to improve management of cooperative management, for example, maintain the level of capital and orderly administration. Increase the frequency of meetings so that the velocity of business venture faster. And improve education and training about the management of cooperatives for both members and administrators. As well as to improve management of cooperative management, for example more selective in lending, supervising credit given based on Ministerial Decree of Cooperatives, Small and Medium Enterprises of Republic of Indonesia Number: 351 / KEP / M / XII / 1998.

For the Government, it should provide guidance on the management of cooperatives continuously, especially to the KSP / USP is quite healthy. Disseminating the Ministerial Decree of Cooperatives, Small and Medium Enterprises of the Republic of Indonesia Number: 351 / KEP / M / XII / 1998 on Guidelines for the Implementation of Business Savings and Loans by Cooperatives to become the basis for the management of Savings and Loans Cooperatives. Providing capital assistance to cooperatives that have good health levels and oversee their use so that cooperatives have the motivation to manage the cooperative properly.

For further research, it is advisable to conduct research on the health of financial institutions other than cooperatives, both financial institutions of banks and non-bank financial institutions and not cooperatives in the Municipality of North Jakarta.

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