



THE ANALYSIS OF THE SOUNDNESS LEVEL OF PRAJA MUKTI CIVIL SERVANT COOPERATIVE IN BULELENG REGENCY

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Abstract

This study aims to know the soundness level of Praja Mukti Civil Servant Cooperative (KPN Praja Mukti) in 2014-2016 based on the Regulation of Deputy for Supervision of the Ministry of Cooperatives and Micro and Medium Enterprises No.06 / Per / Dep.6 / IV / 2016 concerning aspects of capital, productive asset quality, management, liquidity, efficiency, independence and growth as well as cooperative identity . This research is a descriptive research. The subject of this research is KPN Praja Mukti. Data analysis techniques in this study applies descriptive analysis method.

The results shows that the soundness level of KPN Praja Mukti in 2014-2016 is in the fairly sound category with average score 76,06 with the following details: (1) the capital aspect mean score is 13,00 and it is in fairly sound category; (2) the aspect of productive asset quality is in a mean score of 15,25 and in fairly sound category; (3) management aspect in a mean score of 13.65 and is insound category; (4) the efficiency aspect in a mean score of 7.33 and is unfairly sound category; (5) the liquidity aspect in a mean score of 10.83 and is in fairly sound category; (6) the aspect of independence and growth in a mean score of 8.00 and is in sound category; (7) the aspect of cooperative identity obtains a mean score of 8,00 and is in sound category. (8) the soundness level of KPN Praja Mukti for those 3 years (2014-2016) obtains total scores in a sequence of 79.35; 74.50; and 74.35; and it is in a fairly sound category.

Keywords: soundness level, civil servant cooperative



Introduction

Cooperative as an economic institution is a collection of people to realize the economic interests of its members, to realize welfare and prosperity together based on the principle of cooperative which is based on the principle of kinship that aims to promote the welfare of its members in particular and society in general, as well as to build the national economic order to realize a developed, fair and prosperous society based on Pancasila (Five Principles) and the 1945 Constitution.

Similar to KPN Praja Mukti which is as a business organization of the civil servants engaged in the business unit of savings and loans, shops and photocopy printing. This cooperative is located at the office of Buleleng Regent. The presence of the cooperative is intended to increase the income of its members, especially civil servants, and improve the quality of its members' lives. In addition, It is also able to provide solutions for civil servants who need funds.

KPN Praja Mukti in Buleleng Regency was established in 1974, the number of cooperative members in 2016 was 674 people. The main capital of KPN Praja Mukti in running the savings and loans business activities is from the government grants of Singaraja. KPN Praja Mukti faced with intense competition is very concerned about the soundness of its performance to gain the trust of the community. Cooperative soundness assessment is very important to do to determine the condition of cooperatives in terms of the financial soundness and management. By recognizing the soundness condition of the cooperative, it will be a matter of consideration to formulate policies for the development of KPN Praja Mukti, so that would realize the management of KPN sound, effective, efficient, and professional and create the excellent service to its members. Assessment of cooperative soundness in accordance with the Regulation of Deputy for Supervision of Ministry of Cooperatives and Micro and Medium Enterprises No.06 / Per / Dep.6 / IV / 2016 is seen from seven (7) aspects, namely capitalization aspect, productive asset quality aspect, management aspect, efficiency aspect, liquidity aspects, aspect of independence and growth and aspect of cooperative identity.



Literature Review

Cooperative

According to Revrisond Baswir (2000: 2) in his book entitled "Indonesian Cooperative", he states that in general cooperatives are understood as associations of people who unite themselves voluntarily to strive for the improvement of their economic welfare, through the establishment of a democratically managed enterprise.

Based on the Indonesian Regulation Article 2 No. 25 Year 1992 about cooperative matter, the cooperative is based on Pancasila and 1945 Constitution of Indonesia Republic and based on kinship principle.

Based on the Indonesia Regulation article 3 No. 25 Year 1992, the goals of cooperative are promoting the members welfare in particular and society in general and participating in the development of national economy system to realize a society that is developed, just, and prosperous based on Pancasila and 1945 Constitution of Indonesia Republic. The functions and roles of cooperative are:

1. Establishing and developing the potentials and ability of the members' economy in particular and society in general to increase their economic and social welfare.
2. Participating actively in increasing the life quality of the human and society.
3. Strengthening the society economy as the basic strength and sustainability of national economy with cooperative as the pillar.
4. Attempting to realize and develop the national economy which is a joint effort based on the principles of kinship and economic democracy.

Based on Indonesia Regulation Article 5 No. 25 Year 1992 about cooperative matter, the cooperative conducts its principles as follows.

1. The cooperative membership is voluntary and opened.
2. The management is conducted democratically.
3. The share of dividend is done justly according to the amount of the business participation of each member.
4. The share of profit is limited to the capital.
5. Independence.



The Soundness Level of Cooperative.

The soundness of cooperative is very important matter to find out the condition of the cooperative itself. The soundness level of cooperative is assessed based on The Regulation of Deputy of Supervision of Ministry of Cooperative and Micro and Medium Enterprises No. 06/Per/Dep.6/IV/2016 which assesses it from seven aspects: capital aspect, quality of productive activa aspect, management aspect, efficiency aspect, liquidity aspect, independence and growth aspect, and cooperative identity aspect. There are four categories of cooperative soundness assessment, they are:

- a. Sound, in which the obtained total assessment score is $80.00 \leq x < 100$.
- b. Fairly sound, in which the obtained total assessment score is $66.00 \leq x < 80.00$.
- c. In supervision, in which the obtained total assessment score is $51.00 \leq x < 66.00$.
- d. In special supervision, in which the obtained total assessment score is $0 \leq x < 51.00$.

Research Method

The research was conducted at KPN Praja Mukti in which the researchers analyzed the financial report from 2014 to 2017. The data source of the research were primary and secondary data sources. The analysis technique on the data of assessment of cooperative soundness level is based on The Regulation of Ministry of Cooperative and Micro and Medium Enterprises No. 06/Per/Dep.6/IV/2016 which assesses it from capital aspect, quality of productive activa aspect, management aspect, efficiency aspect, liquidity aspect, independence and growth aspect, and cooperative identity aspect.



Discussion

Table I
The Summary of the Assessment of the Soundness Level of
Praja Mukti Civil Servant Cooperative 2014-2016

NO	ASSESSED ASPECTS	YEAR SCORE			MEAN SCORE
		2014	2015	2016	
1	Capital	13.20	12.60	13.20	13.00
	a. Ratio of Own Capital toward Total Asset	6.00	6.00	6.00	6.00
	b. Ratio of Own Capital toward Risky Credited Loan	4.20	3.60	4.20	4.00
	c. Ratio of Own Capital Adequacy	3.00	3.00	3.00	3.00
2	Quality of Productive Activa	15.25	15.25	15.25	15.25
	a. Ratio of Loan Volume of the Members toward Credited Loan	10.00	10.00	10.00	10.00
	b. Ratio of Non-Performing Loan Risk toward Credited Loan	4.00	4.00	4.00	4.00
	c. Ratio of Risk Spare toward Non-Performing Loan	0	0	0	0
	d. Ratio of Risky Loan toward Credited Loan	1.25	1.25	1.25	1.25
3	Management	13.65	13.65	13.65	13.65
	a. General Management	2.25	2.25	2.25	2.25
	b. Institution Management	3.00	3.00	3.00	3.00
	c. Capital Management	2.40	2.40	2.40	2.40
	d. Activa Management	3.00	3.00	3.00	3.00
	e. Liquidity Management	3.00	3.00	3.00	3.00
4	Efficiency	7.00	7.00	8.00	7.33
	a. Ratio of Members Operation Expenses toward Gross Participation	4.00	4.00	4.00	4.00
	b. Ratio of Work Expenses toward Gross Dividend	1.00	1.00	2.00	1.30
	c. Ratio of Service Efficiency	2.00	2.00	2.00	2.00
5	Liquidity	15.00	10.00	7.50	10.83
	a. Cash Ratio	10.00	5.00	2.50	5.83
	b. Ratio of Credited Loan toward Obtained Fund	5.00	5.00	5.00	5.00
6	Independence and Growth	7.75	7.75	8.50	8.00
	a. Asset Rentability	0.75	0.75	1.50	1.00
	b. Own Capital Rentability	3.00	3.00	3.00	3.00
	c. Independence of Service Operational	4.00	4.00	4.00	4.00
7	Cooperative Identity	7.50	8.25	8.25	8.00
	a. Ratio of Gross Participation	5.25	5.25	5.25	5.25
	b. Ratio of Members Economy Promotion (PEA)	2.25	3.00	3.00	2.75
Final Score		79.35	74.50	74.35	76.06
Cooperative Soundness Level Predicate		Fairly Sound	Fairly Sound	Fairly Sound	Fairly Sound

Source: Processed Secondary Data

1) Assessment of Capitalization Aspect of KPN Praja Mukti Year 2014 – 2016.

Based on the analysis that has been done, it shows that the mean score of the capitalization aspect of KPN Praja Mukti from 2014 - 2016 is 13,00. The assessment on the capitalization aspect consists 3 (three) ratios, namely the ratio of own capital to total assets, the



ratio of own capital to risky loans, and own capital adequacy ratio. The result on the ratio of own capital to total assets shows that the mean ratio from 2014 to 2016 is 55.13 with an average score of 6.00 and it is the highest score. Thus, KPN Praja Mukti reaches the maximum performance to balance its own capital in order to the maximum quality value.

Viewed from the ratio of own capital to risky loans it shows that the result of the mean ratio is 61.52 with an average score of 4.00 and it is a fairly sound score. It means that the capital of KPN Praja Mukti has fairly good quality to guarantee the risky loans from 2014 to 2016. Thus, it is expected that KPN Praja Mukti can maintain this condition and minimize the amount of risky loans credited for next year.

Capital adequacy ratio shows the result of the average ratio is 46.90% with the average score of 46.90 and it is the maximum score. It means that the weighted capital of KPN Praja Mukti has excellent quality in supporting the existence of Risk Weighted Assets (ATMR) from 2014 to 2016.

2) Assessment of Quality Aspects of KPN Praja Mukti Productive Assets Year 2014 - 2016

The analysis shows that the quality aspects of KPN Praja Mukti productive assets year 2014 – 2016 obtained the same score of 15.25. Assessment on the aspect of asset quality consists of 4 (four) ratios, namely the ratio of loans volume of the members to the volume of loans granted, the ratio of non-performing loans to the loans granted, the ratio of risk spares to non-performing loans, and the risk loans ratio to the risk of the loans.

The ratio of loans volume of the members of the volume of loans granted earns the average ratio by 100% with a score of 10.00 and it is the maximum score. It means that KPN Praja Mukti has high activities in savings and loans to the members from 2014 to 2016. The ratio of risky loans to the loan granted shows the average ratio of 1.46% with the average score of 4.0. In the scoring guide the maximum value that can be reached is 5.00. A maximum score of 5.00 is obtained when the resulting ratio = 0. The lower the ratio result is, the lower the risk of non-performing loans will be. It means that Praja Mukti has a low level of non-performing loan risk from 2014 to



2016 because each member has to pay directly in salary and directly supervised as well as controlled by each treasurer of each Regional Government Organization (OPD).

Risk spares to non-performing loans show the ratio of 240% and 106% in 2014 and in 2016 are able to allocate the risk spares as it is very important to cover the risks in the event of bad debts or non-collectible loans. Judging from the risky loans of a granted loans shows the ratio of 100% during 2014 to 2016 with an average score of 1.25. The lower the ratio is, the lower the risk of non-performing loans that occurs. With the resulting ratio it means that KPN Praja Mukti has a high NPL ratio between 2014 and 2016.

3) Assessment of Management Aspect of KPN Praja Mukti Year 2014 - 2016

Based on the analysis, the result shows that the average score of the general management aspect is 2.25; the average score of the aspects of institutional management is 3.00; the average score of the aspects of capital management is 2.40; the average score of the asset management aspect is 3.00; and the average score on the liquidity management aspect is 3.00. The scores indicate that from the aspect of management KPN Praja Mukti has been running management well enough from 2014 to 2016; viewed from the aspect of general management it has been running the mission vision well; the aspects of institutional management it has been able to apply and run well its functions / tasks as in the SOP; the aspect of capital management is fairly good viewed from the setting spares aside in case if there is non-performing or non-collectible loans; the asset management aspects are fairly good viewed from the absence of loan problems. It is due to the board of KPN Praja Mukti has worked with every treasurer of the Local Government Organization (OPD) of each agency in oversighting of the loans. Finally from the aspect of liquidity management, it is very good viewed from written policy on liquidity control, effective administration guidelines, policy of accumulating savings and crediting in accordance with financial condition, adequate management information system in monitoring liquidity.

4) Assessment of Aspects of Efficiency on Praja Mukti Civil Servant Cooperative (KPN Praja Mukti) Year 2014 - 2016



Based on the analysis of efficiency aspect, it shows that KPN Praja Mukti in 2014 obtained a score of 7.00, year 2015 a score of 7,00 and in year 2016 a score of 8,00 in which the mean score from 2014 to 2016 is 7.33. Assessment on the efficiency aspect of KPN Praja Mukti consists of 3 (three) ratios, namely the ratio of member operating expenses toward gross participation, the ratio of operating expenses to gross dividend (SHU), and service efficiency ratio.

Observed from the ratio of member operating expenses to gross participation it shows the average ratio in 2014 - 2016 is 41.71% with a score of 4.00 and it was the maximum score. This means that KPN Praja Mukti has provided service efficiency to its members from the use of assets owned. High gross participation shows that members' contribution to cooperatives is also high and the dividend (SHU) increases. Viewed from the ratio of operating expenses to gross dividend (SHU) it shows that the ratio of operating expenses to gross dividend (SHU) in 2014 - 2016 obtained an average ratio of 114.56% with the average score is 1.33 and categorized as a low score. The lower the resulting ratio is, the higher the dividend (SHU) gained. This means that KPN Praja Mukti has not been able to carry out savings and loans activities which are efficient especially in the business expenses and the high business expense in terms of operating expenses should be minimized, especially from the procurement of photocopy materials so that the following year the amount of dividend (SHU) can be improved.

The service efficiency ratio shows the efficiency ratios of KPN Praja Mukti service during 2014 - 2016 obtaining an average ratio of 1.66% with a mean score of 2.00 and categorized as a maximum score. The lower the resulting ratio is, the higher the score obtained. This means that KPN Praja Mukti is great in service efficiency.

5) Assessment of Aspects of Liquidity of KPN Praja Mukti Year 2014 - 2016

Based on the analysis, it shows that on the aspect of liquidity KPN Praja Mukti in 2014 obtained a score of 15.00, in year 2015 obtained a score of 10.00, the year 2016 it obtained a score of 7.50 and the average was 10.83. The assessment on liquidity aspects, KPN Praja Mukti from 2014 to 2016 was measured by 2 (two) ratios, namely the cash ratio, and the ratio of loans granted to the received



funds. Viewed from the cash ratio of KPN Praja Mukti from 2014 to 2016, the result obtained an average ratio of 16.72% with the average score is 5.83 and categorized as fairly good. This means that the cash ratio is considered at the sound level but needs to be improved in the next year in terms of current liabilities such as attracting customers to do savings at KPN Praja Mukti. Observed from the ratio of loans given to the received funds, it shows an average of 1,192.87% with a mean score of 5.00 and it is the maximum score. The higher the resulting ratio is, the lower the level of loan problem is. This means that KPN Praja Mukti did not experience the risk of loan problem in a large percentage.

6) Assessment of Aspects of Independence and Growth of KPN Praja Mukti Year 2014 - 2016

Based on the analysis, it shows that in independence aspect and growth KPN Praja Mukti year 2014 - 2015 obtained a score of 7.75 and in year 2016 it was 8,50 with the average score from 2014 to 2016 equals to 8,00. The assessment on self-reliance and growth, KPN Praja Mukti was measured by 3 (three) ratios, namely profitability ratios, owned capital profitability ratio and independence as well as operational ratios. The ratio of profitability assets from 2014 to 2016 obtained an average ratio of 4.60% with a mean score of 1.00 which was categorized as the lowest score. Maximum score that can be obtained was 3.00 with a ratio of >10% based on the rules of scoring. The higher the ratio is, the higher the profitability will be. This means that the profitability of KPN Praja Mukti assets is in terrible condition. It should be able to increase dividend (SHU) earnings before taxes by maximizing revenue through members' participation in savings and loan activities.

Viewed from the ratio of own capital profitability in the year 2014 - 2016 it obtained the average ratio of 6.63% with the average score is 3.00 and it is the maximum score. This means the profitability of own capital of KPN Praja Mukti is in very good condition. KPN Praja Mukti should be able to maintain it by supervision in the acquisition of participation of principal savings, mandatory savings, and service transactions by its members.

Based on the observation to the ratio of independence and operational ratio during 2014 – 2016 it shows an average of 168.6%



with the average score obtained is 4.00 and it is the maximum score. Operating expenses and cooperative expenses incurred are very efficient compared to the high net participation so that it can achieve the maximum quality. This means that the independence ratio and service operation is considered very good.

7) Assessment of Identity aspect of KPN Praja Mukti in 2014-2016

The analysis shows that the score of identity aspect of KPN Praja Mukti in 2014 is 7.50 and in 2015 and 2016 gets the same score of 8.25 with the mean score from 2014 – 2016 is 8.00. The assessment of identity is measured by 2 (two) ratios which are gross participation ratio and member economy participation ratio. The average ratio of gross participation obtained from 2014 – 2016 is 64.53% with the average score of 5.25, which is a fairly good score. This means that the gross participation ratio of KPN Praja Mukti is good. It is expected that KPN Praja Mukti improve this condition in terms of business revenue in the following years. According to the investigation, the average ratio of member economic promotion from 2014 - 2016 is 11.46% with the mean score 2.75 and it is the maximum score. It means that KPN Praja Mukti has given the benefits of participation efficiency and cooperative cost efficiency through principle savings and mandatory savings.

8) The assessment of soundness of KPN Praja Mukti in the year of 2014 – 2016

The assessment result of soundness level of KPN Praja Mukti from 2014 – 2016 can be stated that it is on the constant level predicated as a fairly sound cooperative. The mean score of KPN Praja Mukti from 2014 – 2016 is 76.06 so it is categorized as fairly sound.

Conclusions and Suggestions

Viewed from aspect of capitalization KPN Praja Mukti from 2014 – 2016 had been capable of maximizing to balance the total asset and minimizing the number of risk loans. The aspect of productive active quality, viewed from the member's loan volume, had been capable of providing balance with the given loans; the risk of problematic loans is able to be minimized by cooperating with the



treasurers of local government organization (OPD) in paying the installments. In terms of management aspect, KPN Praja Mukti has applied every aspect of management well. Viewed from high gross participation, the aspect of efficiency shows that the members' contribution to the cooperative is good in which it is able to increase gross dividend; and the ratio of operating expenses on the gross dividend is not maximum which means that KPN Praja Mukti is not yet able to efficiently hold savings and loans especially savings. In the level of liquidity, KPN Praja Mukti has been able to hold savings and loans to fulfil its short term obligation. In terms of the aspect of independence and growth, KPN Praja Mukti has been able to serve the people independently and there was some growth in 2014 – 2016. In terms of identity, KPN Praja Mukti has succeeded to achieve the goal to promote its members' economy. Finally, the result of the assessment on the soundness level of the entire existence of KPN PrajaMukti from 2014 - 2016 shows that it is on the constant condition that is categorized as fairly sound cooperative.

The suggestions of the study is that as the soundness of KPN PrajaMukti for 3 years only on the criteria of fairly sound and not yet on the sound level caused by the low efficiency especially on the ratio of operating expenses toward gross dividend and the aspect of independence and growth especially on asset rent-ability themselves, it should be improved in order to achieve good quality. Besides, there need to be improvement on the quality aspects of capital, productive active quality, efficiency, liquidity although it is already fairly good but not maximum. The good aspects and those categorized as sound such as management, independence, and growth as well as cooperative independence should be maintained in the next years.

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