

The Effect of Number of Members, Internal and External Capital, and Turnover Towards the Surplus in Primary Cooperative at Regancy of Agam

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ABSTRACT

This study is aimed to find out the influence of the number of members, internal and external capital, and the turnover toward the surplus on the primary cooperative in Agam Regency. The sample in this research is 30 cooperatives in Agam Regency. Method of data analysis is path analysis. The results showed that (1) The number of members has no significant effect toward turnover; (2) The amount of internal capital has a significant effect toward turnover; (3) The amount of external capital has a significant affects toward turnover; (4) The number of members has no significant effect toward surplus; (5) Internal capital has a significant affects toward surplus; (6) External capital has a significant affects toward cooperative surplus; (7) The turnover has no significant effect toward cooperative surplus.

Keywords: *number of members, internal capital, external capital, turnover, and cooperative surplus.*

1. INTRODUCTION

Cooperative as an institution which plays an important role in the economic field has proven itself to be able to contribute to economic growth in Indonesia. This is proven by making the cooperative as one of the pillars of economic development in Indonesia, outside the sector of State-owned Corporation (BUMN) and Private-owned Corporation (BUMS) sector although the contribution of cooperatives is still not as big as the contribution of BUMN and BUMS toward economic growth in Indonesia.

The low contribution of the cooperative as a contributor to economic growth in Indonesia is due to a number of internal factors that exist in the cooperative, such as source of capital, limited field of business, lack of experts, the

reluctance of the community to manage cooperatives, business certainty, market segmentation, and the intake capacity of the organization is vastly weak. To that end, the government keeps making efforts so cooperatives in Indonesia can develop to be more active, creative, and innovatively in order to be able to contribute to the economic growth of Indonesia.

There are several kinds of cooperative in Agam Regency such as functional cooperatives like Employee Cooperatives of Indonesia (KPRI) and non-functional cooperatives as KUD, KOPPAS, KSU and KSP. The phenomenon found in Village Unit Cooperative (KUD) and Employees Cooperative of Indonesia (KPRI) in

Agam Regency is that there are habitual changes of the number of members, capitals and turnover is not comparable with the cooperative surplus (SHU). This is one indicator of the success of a cooperative in running a business according to the original plan.

Cooperative surplus (SHU) can be interpreted as profits derived from running a business like another common company. It can also be interpreted as the variance from total surplus with total cost in one year book.

Based on the data obtained, it is found that in the period of 2009 - 2015 there was a decrease of cooperative surplus in KUD and KPRI in Agam Regency. The decline is allegedly due to the increasing competition from other business entities that freely enter the business field being handled by cooperatives, and then due to the removal of certain facilities of the cooperative so that cooperatives can no longer run their business properly.

Maulana (2012) found that internal capital, number of members, and turnover simultaneously have a significant effect on the acquisition of cooperative surplus (SHU). According to Sitio and Tamba (2001: 89) the surplus of cooperative received by cooperative members derived from two economic activities undertaken by members themselves, such as: cooperative surplus for capital services and for business services.

The abundance of cooperative certainly can not be separated from the active role of its members, whether in the form of morale and material. More members keeping their funds and actively participate in a cooperative will increase its surplus, which in turn is expected to also increase the movement and activities in a cooperative.

Based on the data obtained, it is acknowledged that in the period of 2009 - 2015 there is a tendency of the decreasing

decreasing number of members in KUD and KPRI in Regency of Agam.

In addition to the number of members, the capital owned by the cooperative will affect the activities undertaken by it. According to the phenomenon found in KUD and KPRI of Agam Regency, it is known that the amount of internal capital, external capital capital, and turnover in the period of 2009-2015 tend to increase every year.

Internal capital in a cooperative can be obtained from members' savings, mandatory savings, reserve funds and grants or surplus reserves from the previous year. More amount of capital can extend the operation and growth of the cooperative. The acquisition of own capital from members of KUD and KPRI in each year can be said to increase although the number of its members is reduced. This is caused by the reserved surplus is not distributed to KUD and KPRI which make the acquisition of capital itself increases and certainly profitable for the institution.

External capital capital is the capital that cooperatives often make use of external source of funds such as borrowing of other parties sourced from members, other cooperatives or members, banks and institutions, issuers of bonds and other legitimate debt which will be cooperative's debt which ultimately affects the cooperative surplus.

The turnover is an activity undertaken by members of the cooperative. Every cooperative should be able to attract members' interest to participate in cooperative. The growing of turnover in the cooperative is caused by the activities carried out actively by cooperative will provide great benefits to the members of the cooperative. Benefits provided by the cooperative become one of the reasons for the members to be able to actively participate in a cooperative.

In addition to technical aspects such as number of members, member share capital, non

member share capital, and turnover affecting the surplus of KUD and KPRI in Agam Regency, there is another factor that will affect cooperative surplus that is the cooperative managements.

Cooperative managements are some people responsible for the management of cooperative. They will be the leader in carrying out the activities of cooperative. The performance of the management will determine how the direction of cooperative activities works.

The performance of cooperative management will be seen from the aspect of their discipline and motivation in managing cooperative. Cooperative managements found in KUD and KPRI in Regency of Agam consist of 3-5 people. Cooperative managements usually consist of managers and some employees.

Based on the above description, the writer is interested in conducting research on " The Effect of Number Of Members, Internal And External Capital, and Turnover Toward Surplus In Primary Cooperative At Regency Of Agam ".

1.1. The Surplus

According to Pacht (2005: 128), the surplus is profits derived from running a business like another common company. According to IAI (2004: 275), the surplus is the sum of net participation and gross profit or gross loss with non-members, adds or deducts the other income and other expenses and operating expenses of cooperative income tax.

1.2. Turnover

Economic activity of cooperatives can be seen from the turnover of the cooperative itself (Sitio and Tamba, 2001: 142). Efrida (2004: 13) stated that the turnover is the profit of the cooperative obtained in one book year before deducted by depreciation expenses, and other liabilities including taxes in the fiscal year concerned. The turnover earned by cooperative depends on the

business sector it is running. Cooperative can manage any business fields such as savings and loan, wholesaler unit, housing for members, etc.

1.3. Member's Number

Members of cooperatives are human resources that have an important role in a cooperative organization. Hendar (2010: 138) states that members of the cooperative is the owner and user of cooperative services.

Hadhikusuma (2000: 74) states more and more members of the more sturdy position of the cooperative as a business entity. In member cooperatives is a factor that affects the advancement of a cooperative business.

Increasing the number of members in a cooperative when viewed from the level of cost of participation will reduce the effectiveness of participation in achieving its objectives. This means that the large number of members does not necessarily benefit the cooperative, if the member's tendency to become passive is large enough.

1.4. Internal Capital

Sukamdiyo (1997: 76) stated that own capital has the nature of embedded for an indefinite period as long as the cooperative is alive despite the number of its members up and down. Law of the Republic of Indonesia no. 25 of 1992 states that the capital itself is sourced from; principal savings, mandatory savings, reserve funds, and grants.

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cooperative position as a business entity. In addition, members of cooperative is a factor that affects the advancement of a cooperative business. The increasing number of members in a cooperative if viewed from the level of cost of participation will reduce the effectiveness of participation in achieving its objectives. This means that the large number of members does not necessarily benefit the cooperative, if the members' tendency to become passive is substantial.

1.6. Internal Capital

Sukamdiyo (1997: 76) stated that internal capital has embedded nature for an indefinite period as long as the cooperative is active despite the inconsistent number of its members. Law of the Republic of Indonesia no. 25 of 1992 states that the capital itself is sourced from; principal savings, mandatory savings, reserve funds, and grants.

1.7. External Capital

Sitio and Tamba (2001: 84) stated that external capital is the capital obtained by cooperative from various loans and become a debt to the cooperative. Loans can be obtained from various parties, including members, other cooperatives, banks and other legitimate institutions.

In order to obtain a capital loan from a bank and other financial institution, cooperative must submit a letter which consists of: 1) a plan for capital use or a business plan; 2) Credit repayment plan. 3) Insurance item assessed in proportion to the amount of the loan.

Table 1. Descriptive Analysis Data Results of Surplus (SHU), Turnover, Internal Capital, and External Capital of KUD and KPRI in Agam Regency Period Year 2011-2017

| No | Variable | Average Value (Rp.000) | Average Growth Rate (%) |
|----|------------------|------------------------|-------------------------|
| 1. | Surplus | 142.630,75 | 17,11 |
| 2. | Turnover | 3.034.605,73 | 11,06 |
| 3. | Internal Capital | 1.750.537,47 | 8,78 |
| 4. | External Capital | 1.953.231,55 | 8,85 |

Source: Processed Research Data Result 2018

2. METHODS

The type of research conducted is descriptive and associative research. The population in this research is all KUD and KPRI that exist in Regency of Agam which fulfill two criteria, that is; 1) the selected sample shall be a cooperative that has been officially registered in the Regency of Agam cooperative office; 2) The cooperatives are cooperatives that are still active within a period of 7 years starting from 2011-2017. Based on these criteria, the samples that qualified to be used as research object are 30 units of cooperatives from KUD and KPRI in Regency of Agam.

Data types was secondary data. Secondary data sourced from the document in the form of a list of the number of members, internal capital, external capital, turnover and the surplus from KUD and KPRI in Regency of Agam.

The study used documentation. Based on above, data collected are analyzed to answer research questions. Data analysis used is descriptive analysis and path analysis.

3. RESULTS AND DISCUSSION

3.1. Descriptive Analysis Results

Based on descriptive analysis of all research data, summary of the results of cooperative conditions is obtained such as the following table.

The table above shows that in the period of 2011 - 2017 the average growth rate of surplus number, turnover, internal capital, and external capital of KUD and KPN in Agam Regency is positive. That means the number of surplus, turnover, internal capital, and external capital KUD and KPN in Regency of Agam tend to increase.

Table 2. The Results Data of Descriptive Analysis of The Number of Members of KUD and KPN in Regency of Agam Period of 2011-2017

| No | Variable | Average Number of Members (People) | Average Growth Rate (%) |
|----|-----------------|------------------------------------|-------------------------|
| 1. | Member's Number | 293 | -2,57 |

Source: Processed Research Data Result 2018

Based on the table above, it can be seen that the average members' number of KUD and KPN in Regency of Agam in the period of 2011-2017 amounted to 293 people with average growth rate decreased by 2.57%.

3.2. Inferential Analysis Results

Prior to the hypothesis test analysis of research data, the analytical requirement is tested. Based on the result of data analysis, it is known that the data of all research variables are normally distributed and homogeneous. After the test of analytical requirements is done, the hypothesis is tested with the following results;

3.3. Substructure Analysis I

Based on the analysis of substructure path I obtained the following results;

Table 4. Result of Substructure Analysis I

| Endogenous Variable | Exogenous Variable | Path Coefficiency | t _{count} | Sig. |
|-------------------------------|--------------------|-------------------|--------------------|--------|
| Turnover | Member's Number | 191,9459 | 0,3554 | 0,7227 |
| | Internal Capital | 0,7052 | 9,8295 | 0,0000 |
| | External Capital | 0,9602 | 16,5871 | 0,0000 |
| F _{count} = 997,5901 | | | | |
| Sig = 0,000 | | | | |
| R _{square} = 0,9356 | | | | |
| ε ₁ = 0,2559 | | | | |

Source: Processed Research Data Result 2018

Table 4 shows that the Internal Capital, External Capital are partially significant effect to KUD and KPN turnover in Regency of Agam, because the significance value of $< \alpha (0.05)$. Meanwhile, the Member's Number has no significant effect on the turnover of Primary Cooperative of Agam Regency, because the value of significance $> \alpha (0,05)$.

3.4. Substructure Analysis II

Based on the analysis of substructure path II obtained the following results;

Table 5. Result of Substructure Analysis II

| Endogenous Variable | Exogenous Variable | Path Coefficiency | t _{count} | Sig. |
|-------------------------------|--------------------|-------------------|--------------------|--------|
| Surplus (SHU) | Member's Number | 58,2474 | 1,0096 | 0,3139 |
| | Internal Capital | 0,0292 | 3,1474 | 0,0019 |
| | External Capital | 0,0389 | 4,1184 | 0,0001 |
| | Turnover | 0,0030 | 0,4079 | 0,6838 |
| F _{count} = 135,7442 | | | | |
| Sig = 0.000 | | | | |
| R _{square} = 0,7259 | | | | |
| ε ₁ = 0,5235 | | | | |

Source: Processed Research Data Result 2018

Table 5 shows that the Internal Capital and External Capital are partially significant effect to the surplus of KUD and KPN in Agam Regency, due to the significance value of $< \alpha (0.05)$. Meanwhile, the Member's Number and Turnover has no significant effect on the turnover of cooperatives in Regency of Agam, because the value of significance $> \alpha (0,05)$.

4. CONCLUSIONS

Based on the results of data analysis, it can be concluded that: 1) The number of members has no significant effect on the turnover of Primary Cooperative in Regency of Agam; 2) The amount of Internal Capital has a significant effect on the

turnover of Primary Cooperative in Regency of Agam; 3) The amount of External Capital has a significant effect on the turnover of Primary Cooperative in Regency of Agam; 4) Number of Members has no significant effect on the Surplus of Primary Cooperative in Regency of Agam; 5) Internal Capital has significant effect on the Surplus of Primary Cooperative in Regency of Agam; 6) External Capital significant effect on the Surplus of Primary Cooperative in Regency of Agam; 7) The turnover has no significant effect on the surplus of Primary Cooperative in Regency of Agam.

Based on the above conclusions the writer can suggest some advice or input to cooperative management to help increasing the active role of each member of the cooperative. Active role of cooperative members will greatly affect the amount of capital itself and the development of this business. The increasing of active role of members in cooperative, Internal Capital, External Capital will affect the surplus obtained by cooperative.

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