



Analysis of Cooperative Health Level at Mallomo Jaya Abadi Makassar Saving and Loan Cooperative

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Abstract

The aim of this research is to analyze the health level of cooperatives in the Mallomo Jaya Abadi Makassar Savings and Loans Cooperative (KSP) for the 2020-2022 period. An assessment of the condition of the cooperative resulted in the predicates of being healthy, quite healthy, under supervision, and under special supervision. This research method is descriptive with a quantitative approach. The research data used are the financial reports of KSP Mallomo Jaya Abadi Makassar, especially the balance sheet and reports on the calculation of remaining operating results. The data collection techniques used were documentation and interviews. The data analysis technique is carried out by data reduction, data analysis based on the Regulation of the Deputy for Supervision of the Ministry of Cooperatives and SMEs No. 06/Per/Dep.06/IV/2016, and drawing conclusions. The research results show that the health level of the Mallomo Jaya Abadi Makassar Savings and Loans Cooperative in 2020 is predicted to be 'Under Supervision', with a total score of 53.20. In 2021, the title was 'Under Supervision', with a total score of 58.20. In 2022, the title is 'Under Supervision' with a total score of 64.15. With a total score of 58.51, the predicate is 'Under Supervision'.

1. Introduction

Indonesia's economic structure categorizes economic activities into three distinct pillars: state-owned enterprises (SOEs), cooperatives and privately-owned enterprises (SOEs). The government hopes that these three national economic forces will develop into mutually supportive and integrated components within the broader national economic system. Cooperatives are the pillars of the national economy and an important component of the national economic system (Dewi & Mustika, 2021). Moh Hatta, the father of Indonesian cooperatives, defines cooperatives as collaborative businesses that aim to improve economic welfare based on mutual aid. The motivation for helping others is rooted in the desire to provide support and assistance to friends, guided by the principle of collective reciprocity (Sattar, 2017). Cooperatives are expected to improve people's welfare, reduce unemployment, and alleviate poverty conditions in Indonesia. According to

Indriani & Fitria (2020), cooperatives have the potential to improve their performance by effectively carrying out their role as intermediary institutions. Specifically, they can serve as a bridge between individuals who have excess funds and those who need financial resources. By taking on this role, cooperatives enable individuals to utilize funds for both personal and entrepreneurial purposes, thereby meeting their living expenses and facilitating business growth.

According to a report from the South Sulawesi Cooperatives and SMEs Office, by the end of 2022 around 60 per cent of the approximately 8,400 cooperatives in South Sulawesi will be inactive in running their operations. One of the main reasons that causes many co-operatives to become inactive is the lack of trust of members in the co-operative management (IDN Times Sulsel, 2023) Cooperative health assessment is a mechanism used by the Ministry of Cooperatives to monitor, ensure the welfare of cooperatives, and provide



security and trust for members. The assessment is regulated in the Regulation of the Deputy for Supervision of the Ministry of Cooperatives and Small and Medium Enterprises of the Republic of Indonesia No.06/Per/Dep.6/IV/2016on Guidelines for Health Assessment of Savings and Loan Cooperatives and Cooperative Savings and Loan Units.

Mallomo Jaya Abadi Saving and Loan Cooperative is one of the cooperatives located in

Makassar city which was established in April 2016. This entity operates in the savings and loan sector with the main objective of improving the welfare of the community, especially its members. The co-operative focuses on enhancing the growth of small-scale businesses and contributing to the overall development of the local economy.

Table 1 Savings and Loans of Members of Mallomo Jaya Abadi Makassar Cooperative

Year	Member's Savings	Member's Loans
2020	86,985,000	395,614,000
2021	342,115,500	1,066,288,000
2022	561,033,000	1,464,501,050

Source: Data processed, 2024

The increase in member savings over time cannot be used as an indicator of the overall health of the cooperative. Assessing the health of a cooperative requires a comprehensive examination that does not only include the amount of assets or the amount of outstanding loans (Eindrias & Azizah, 2017). Through an evaluation of the health of the cooperative, it can be assessed to what extent the cooperative runs its operations effectively. In addition, with this assessment, parties related to the cooperative will feel more confident and secure when interacting with the cooperative, including in terms of investment, loans, obligations to the government such as taxes, and other aspects.

2. Literature Review

2.1 Cooperative

According to Article 1 paragraph 1 of Law No. 25 of 1992 concerning Cooperatives, a Cooperative is a business entity consisting of individuals or cooperative legal entities by basing its activities on cooperative principles as well as a people's economic movement based on family principles. According to Syaifudin (2017), Cooperatives are a form of business organization that has a very important role in improving the Indonesian economy with a large positive contribution.

Cooperatives are founded on the basic principles of kinship and mutual cooperation, where individuals work together to improve common economic interests. Saving and Loan Cooperative is the practice of collecting and channeling funds from cooperative members to meet the needs and interests of each member, according to agreed terms to achieve common goals. The main objective of savings and loan cooperatives is to improve the welfare of its members through lending (Putri, Dewi, & Yudiantara, 2019).

Each member will get a different amount of SHU based on the level of capital participation and transactions that contribute to the cooperative's income. The higher the transactions between members and their co-operative, the higher the SHU received. This is the difference between co-operatives and other types of business enterprises (Sattar, 2021)

2.2 Cooperative health level

According to Eindrias & Azizah (2017), the level of cooperative health is a benchmark in assessing the state or condition of the cooperative in a certain way period. According to Fadillah, Satriawan & Fithri (2023), the success of a cooperative in improving the welfare of its members can be assessed through a cooperative health assessment. Evaluation of



the health level of a cooperative based on information contained in its financial statements.

The health level of a cooperative can be measured by considering the results of cooperative empowerment efforts, cooperative performance indicators, the benefits provided to members, the level of participation of members in the cooperative, and the support received from the community and related parties (Hidayatin et al., 2022). Health assessment is an evaluation conducted to measure the overall health status of cooperative KSPs and USPs. The criteria for determining the health level of cooperatives have been established and regulated in the Regulations 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. The assessment functions of aspects:

- a. Capital
The capital aspect of the cooperative is used to determine how much the cooperative's capital turnover rate is.
- b. Quality of earning assets
The quality of earning assets is an important aspect in assessing the ability of savings and loan cooperatives to generate income from their assets.
- c. Management

Management is the process of strategic using and maximising organizational resources to achieve common goals in a productive and economical manner.

- d. efficiency
The efficiency aspect measures the extent to which KSP is able to provide efficient services to its members through the utilization of its assets in achieving the objective of offering services to its members.
- e. Liquidity
Liquidity ratios are financial ratios used to assess a company's capacity to meet its short-term obligations as they fall due.
- f. Independence and Growth
Assessment of independence and growth is based on profitability ratios. The profitability ratio is usually called business profitability. The profitability ratio is used to measure the co-operative's ability to earn profits in relation to its revenue, assets, and capital.
- g. Cooperative identity
The cooperative identity aspect is a measure of the co-operative's success in achieving its objectives, namely promoting the members' economy.

The results of the assessment of 7 aspects are classified into 4 categories.

Table 2

Standards for Determining the Health Level Predicate of Savings and Loan Cooperatives

S core	Pre painted
$80.00 \leq X < 100$	Healthy
$66.00 \leq X < 80.00$	Fairly Healthy
$51.00 \leq X < 66.00$	Under Supervision
$X < 51.00$	Under Special Supervision

Source :The assessment is regulated in the Regulation of the Deputy for Supervision of the Ministry of Cooperatives and Small and Medium Enterprises of the Republic of Indonesia No.06/Per/Dep.6/IV/2016

3. Research Methods

The object of this research is Mallomo Jaya Abadi Makassar Savings and Loan Cooperative. This research uses a descriptive method with a quantitative approach. The data

were studied financial statements for 2020-2022 with data collection techniques through documentation and interviews. The analysis technique was carried out by means of data reduction, data analysis was carried out based



on the Regulation of the Deputy for Supervision of the Ministry of Cooperatives and Small and Medium Enterprises No. 06/Per/Dep.6/IV/2016 concerning Health Level Assessment of Savings and Loan Cooperatives and Savings and Loan Units. Then draw conclusions.

4. Results and Discussion

4.1 Research Results

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cooperative save borrow Mallomo victorious eternal Makassar obtained after calculation of each score contained in 7 aspects namely : capital , quality assets productive , management , efficiency , liquidity , independence and growth and teak self cooperative . Score results evaluation KSP Mallomo Jaya Abadi Makassar health for every ratio in seventh aspects in 2020-2022 are presented in the table following:

Table 3 Health Level Assessment Scores for KSP Mallomo Jaya Abadi Makassar

As pects Assessed	2020	2021	2022
Capital			
Ratio of equity capital to total assets	3	3	1.5
Own capital to loans at risk ratio	4.2	4.8	6
Own capital adequacy ratio	3	3	3
Quality of earnings assets			
Ratio of loan volume to members to loan volume	10	10	10
Ratio of non-performing loans to outstanding loans	3	3	3
Ratio of risk reserves to non-performing loans	0	2	1.5
Ratio of risky loans to outstanding loans	1.25	1.25	1.25
Management			
General management	2.5	2.5	2.5
Institutional management	2.5	2.5	2.5
Capital management	0.6	3	3
Asset management	1.5	1.5	1.5
Liquidity management	2.4	2.4	2.4
efficiency			
Ratio of members' operating expenses to gross participation	1	1	4
Ratio of operating expenses to gross SHU	1	1	1
Service efficiency ratio	0	0	0
Liquidity			
Cash/bank to current liabilities ratio	2.5	2.5	2.5
Ratio of loans to funds received	5	5	5
Independence and Growth			
Asset profitability ratio	0.75	0.75	2.25
Own capital profitability ratio	0.75	0.75	3
Service operation independence ratio	0	0	0
Cooperative identity			
Gross participation ratio	5.25	5.25	5.25
Member economic promotion ratio	3	3	3
Total	53.20	58.20	64.15

Source: Data processed, 2024



a. Capital Aspect

The calculation of the ratio of own capital to total assets shows a score in 2020 and 2021 of 3.0. Meanwhile, in 2022 there was a decrease with a score of 1.5. This shows that the cooperative does not allocate its capital efficiently for growth or profitable business activities. So it can be interpreted that there is a need to strengthen capital turnover. The calculation of the ratio of own capital to loans provided is at risk of obtaining a score of 4.2 in 2020 and a score of 4.8 in 2021. Meanwhile, in 2022 there was a significant increase with a score of 6.0. This increase is due to the increasing value of own capital, which means that own capital can cover loans at risk. The calculation of the own capital adequacy ratio obtained a score in 2020, 2021 and 2022 of 3.0 each. This ratio shows that the cooperative is able to provide capital adequacy through its assets.

b. Productive Asset Quality Aspect

The calculation of the ratio of the volume of loans to members to the volume of loans provided has a score of 10 each for 2020, 2021, and 2022. The score is the highest score, it means that KSP Mallomo Jaya Abadi Makassar is very good at lending to its members. The calculation of the ratio of non-performing loans to loans granted obtained a score of 3 each for 2020, 2021 and 2022. At KSP Mallomo Jaya Abadi Makassar, non-performing loans are still in the reasonable category because they range from 10%- 11% of all loans granted.

The calculation of the risk reserve ratio to non-performing loans obtained a score of 0 for 2020, a score of 2.0 for 2021 and 2022 with a score of 1.5. The low score in 2020 is due to not having risk reserves. Then in 2021 and 2022, the risk reserves were unable to meet the amount of non-performing loans. The calculation of the ratio of risky loans to loans granted scored 1.25 for 2020, 2021, and 2022, respectively. At KSP mallomo Jaya Abadi Makassar, more than 90% of loans granted do not have collateral.

c. Management Aspects

An assessment of the management aspect helps in identifying strengths and weaknesses in the cooperative's management structure and processes. It helps the management and board of the cooperative to understand where the cooperative is performing well and where there is room for improvement. Good management aspects can contribute to improving the quality of services provided to the cooperative's members and customers (Putri & Bayangkara, 2021)

Based on these calculations, the management aspect of KSP Mallomo Jaya Abadi Makassar for 2020 obtained a score of 9.5 and for 2021 and 2022 of 11.9. Judging from the scores obtained, this cooperative shows a good improvement from the management aspect. However, it is still necessary to evaluate the asset management component because loans with current collectability do not reach 90%, outstanding loans that do not have collateral, previous year's bad loans cannot be collected and the reserve fund for writing off receivables is smaller than bad loans.

d. Efficiency Aspect

The calculation of the ratio of members' operating expenses to gross participation obtained a score of 1 for 2020 and 2021, respectively. Therefore, KSP Mallomo Jaya Abadi Makassar in 2020 and 2021 can be said to be inefficient in providing services through the utilization of existing assets because the total operating expenses of members are still greater than gross participation. However, it can be said to be efficient in 2022.

The calculation of the ratio of operating expenses to gross SHU each received a score of 1 for 2020, 2021, and 2022. Therefore, KSP Mallomo Jaya Abadi Makassar can be said to be inefficient due to the high amount of operating expenses compared to gross SHU. KSP Mallomo Jaya Abadi Makassar needs to pay attention to the amount of operating expenses and non-performing loans that affect the SHU earned. The calculation of the service efficiency ratio obtained a score of 0 each for 2020, 2021 and



2022. This score indicates that KSP Mallomo Jaya Abadi Makassar in providing services can be said to be inefficient due to the number of employee costs that exceed 15% of the number of outstanding loans.

e. Liquidity Aspect

The calculation of the ratio of cash/bank to current liabilities obtained a score of 2.5 each for 2020, 2021 and 2022. KSP Mallomo Jaya Abadi Makassar is declared illiquid in showing the ability to pay its short-term obligations. The calculation of the ratio of loans granted to funds received received a score of 5 each for 2020, 2021 and 2022. KSP Mallomo Jaya Abadi uses all funds received to provide loans to its members.

f. Aspects of Independence and Growth

The calculation of the asset profitability ratio obtained a score of 0.75 for 2020 and 2021. While in 2022 with a score of 2.25. This score indicates that KSP Mallomo Jaya Abadi Makassar is a poor category in making profits through the management of its assets. The calculation of the own capital profitability ratio obtained a score of 0.75 for 2020 and 2021. while the year 2022 obtained a score of 3.

KSP Mallomo Jaya Abadi Makassar in 2020 and 2021 is in the category of not good enough to show the ability of own capital to generate profits. The calculation of the service operational independence ratio obtained a score of 0 for 2020, 2021 and 2022 respectively. KSP Mallomo Jaya Abadi Makassar in showing the ability of the cooperative as an independent thing for its operational services for members is in the low category.

g. Aspects of Cooperative Identity

The calculation of the gross participation ratio shows that in 2020, 2021, 2022 obtained a score of 5.25 each. The score obtained indicates that the cooperative is quite good at providing services to its members. This ratio shows the extent to which members are involved in supporting the co-operative and providing a source of income necessary for the co-operative's operations and growth.

The calculation of the member economic promo ratio (PEA) shows that in 2020, 2021, 2022 obtained a score of 3 each. The score indicates that KSP Mallomo Jaya Abadi Makassar provides significant economic benefits to its members and optimizes its contribution to the economic welfare of members.

4.2 Research Discussion

The capital aspects in 2020-2021 was determined to be 'quite healthy'. The results of this study is in line with the results of research by Shiddiq & Gunawan (2022) and Dewi & Mustika (2021), it can be seen that cooperatives have very good quality in guaranteeing loans given at risk and have good capital adequacy. However, the addition of own capital is greater than the addition of assets because cooperatives increase capital from third party funds. This shows that cooperatives do not be optimistic capital in profit activities. Therefore, there is a need for cooperatives to strengthen their capital turnover.

The quality aspect of productive assets in 2020-2022 is set at the predicate 'under supervision'. The results of this study are in line with the results of research by research Dewi & Mustika (2021) and Fadillah et al. (2023) This happens because the cooperative does not have sufficient risk reserves to deal with possible problems on loans that have the potential to become problems and the large number of loans that do not have collateral.

The management aspect in 2020 received the predicate 'under supervision'. Meanwhile, in 2021 and 2022 the predicate was 'quite healthy'. The results of the 2020 study are in line with research conducted by Putri et al. (2019), which states that the cooperative under study is predicated in supervision, this can be interpreted that the cooperative in managing capital in its business activities is still very lacking and in managing loans or crediting from assets owned is not so good because bad loans cannot be collected in the following year. The results of this research in 2021 and 2022 are in line with the results of research by Fadillah et al.



(2023) which states that the cooperative studied has a fairly healthy predicate, this reflects that the cooperative in managing human resources and work systems is good and capital management continues to increase from the previous year. However, it is necessary to improve performance in asset management.

The efficiency aspect in 2020-2022 was set at the predicate 'under special supervision'. The results of this study are in line with research conducted by Shiddiq & Gunawan (2022), this reflects that the expenses used by the cooperative cannot be used effectively and efficiently, resulting in low residual income. Cooperatives must minimize expenses appropriately, in order to generate maximum Residual Income to support the development of cooperatives. The liquidity aspect in 2020-2022 is set at the predicate 'under special supervision'. The results of this study are in line with research conducted by Fadillah et al. (2023), it indicates that the cooperative still has weaknesses in cash management. This is caused by the problem of cash shortages. To avoid this, cooperatives need to improve their financial management so that the cash funds managed are able to pay their short-term obligations.

The aspect of independence and growth for 2020-2021 is 'under special supervision'. While in 2022 it obtained a score of 52.50 with the predicate 'under supervision'. The results of this study are in line with research conducted by Sudaryanti & Sahroni (2017), that the ability of cooperatives to generate profits from asset management and own capital is low, and is less independent to cope with service operational costs.

The aspect of cooperative identity for 2020-2022 with the predicate 'healthy'. The results of this study are in line with research conducted by Dewi & Mustika (2021), that the deposit interest charged by savings and loan cooperatives is greater than that of other financial institutions, although the amount is not too much different. Meanwhile, the interest on loans at savings and loan cooperatives is lower than that of other financial institutions, so

that this can attract members to save and borrow funds at savings and loan cooperatives.

The results of the calculation of 7 aspects, a score of 53.20 was obtained for 2020, in 2021 with a score of 58.20 and in 2022 with a score of 64.15. The increase in scores from year to year indicates that financial and management performance is getting better. However, the score is still in the range of $51.00 \leq$ And the accumulated score in three years is 58.51. So, in aggregate, the predicate is 'Under Supervision'. The results of this study are in line with research conducted by Fadillah et al., (2023) and Harto et al. (2018), this happens because the use of capital is not yet efficient, the high number of unsecured loans, the absence of adequate risk reserves, the low cash ratio, the high expenses incurred and the low residual income earned from asset and capital management.

5. Closing

5.1 Conclusion

Based on the results of research and discussion regarding the level of cooperative health at KSP Mallomo Jaya Abadi, it can be concluded that KSP Mallomo Jaya Abadi Makassar has the title 'Under Supervision' for each of the years 2020, 2021 and 2022. Further, in aggregate in 3 years the predicate is 'Under Supervision'. However, the scores obtained by KSP Mallomo Jaya Abadi Makassar have increased from year to year which indicates that the financial performance is getting better.

5.2 Suggestion

It is hoped that the Mallomo Jaya Abadi Makassar savings and loan cooperative can improve cooperative performance in these 7 aspects in order to become a cooperative with a fairly healthy or even healthy predicate for the following year by paying attention to aspects that are not good in the assessment.



<https://sulses.idntimes.com/news/sulses/ashrawi-muin/ada-8400-koperasi-di-sulses-tapi-60-persen-not-active>

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