



Measuring the Operational Effectiveness of Village Unit Cooperatives (KUD) Berkat Lestari Plasma: in Financial Performance

Novian^{1*}, Didi Muwardi², Shalsa Alya Gina³

^{1,2,3}Departement of Agribusiness, Riau University, Indonesia

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ABSTRACT

Cooperatives as business entities require appropriate performance measurements to determine their operational effectiveness. This causes cooperatives to need to analyze their financial reports in more detail. This research aims to (1) analyze the financial performance of KUD Berkat Lestari Plasma in 2017-2021 based on financial ratio analysis, (2) analyze the financial performance of KUD Berkat Lestari Plasma in 2017-2021 based on du Pont analysis. The research method used is a case study approach. The primary and secondary data are used. The research results show that the cooperative's financial performance is also relatively good in terms of financial ratios, and the du Pont analysis shows good results; ROI and ROE have reached the specified standard value. 21% in the very good category.

1. INTRODUCTION

Economic activities in the Indonesian economic structure are divided into 3 (three), that is BUMN (State-Owned Enterprises), BUMS (Private-Owned Enterprises), and Cooperatives. One of the economic pillars that is considered capable of realizing the welfare of Indonesian society is cooperatives. Cooperatives are institutions that carry out business activities and services in the form of providing financial services, credit, marketing activities, or other activities. Cooperatives have the principle that membership is voluntary and open, management is carried out democratically, distribution of SHU (Remaining Business Results) is carried out fairly and in proportion to the amount of business services of each member, limited remuneration for capital, and independence. This principle is an advantage of cooperatives compared to other businesses and it is hoped that they will be able to realize the ideals of an Indonesian nation that is just, prosperous and prosperous. Kampar Regency is one of the districts in Riau Province which has 21 sub-districts. One of the cooperatives in Kampar Regency is the Village Unit Cooperative (KUD) Berkat Lestari Plasma which is a legal entity and its founding deed has been approved under the decree of the Head of the Regional Office of the Director General of Cooperatives, Riau Province Number 268/BH/KDK.4/I/V /2000 dated 17 May 2000. KUD Berkat Lestari Plasma carries out business activities in various fields such as convenience store business (WASERDA), savings and loans, fertilizer, electricity payments, and FFB transportation.

Corresponding Author.

*Email: novian@lecturer.unri.ac.id

Cooperatives as a business entity requires appropriate performance measurements to determine the effectiveness of its activities. This causes cooperatives to need to analyze their financial reports in more detail. KUD Berkat Lestari Plasma only makes an annual accountability report containing the Balance Sheet, Profit and Loss and Remaining Operating Results (SHU), while equity reports, cash flow reports, net worth reports and notes to financial reports are not made. Cooperative management is less effective and efficient in managing existing asset sources. This can be seen from the profit generated by the cooperative which has not been maximized to produce Remaining Business Results (SHU) which fluctuate, so that it will affect the achievement of the desired profit and cause financial reports to fluctuate.

Du Pont is a method used to assess the operational effectiveness of cooperatives which includes elements of sales, and assets used such as profits generated by cooperatives (Lianto, 2013). Du Pont analysis is a combination of several financial ratios, that is activity ratios and profitability ratios, both of which play a role in effectiveness and efficiency in turning over cooperative capital. Financial report analysis using the Du Pont model is a simpler method but covers financial reports as a whole, including the financial balance sheet and profit and loss statement. Based on this, this research aims to analyze: 1) the financial performance of KUD Berkat Lestari Plasma in 2017-2021 based on financial ratio analysis, 2) the financial performance of KUD Berkat Lestari Plasma in 2017-2021 based on du Pont analysis.

2. LITERATURE REVIEW AND HYPOTHESES DEVELOPMENT

Cooperatives are business entities that organize the utilization and utilization of the economic resources of their members based on cooperative principles and economic business rules to improve the standard of living of members in particular and the working area community in general (Sudarwanto, 2013). Cooperatives are known as a form of company that is not owned by individuals, not owned by investors but owned by members. With the existence of cooperatives, the economy in Indonesia is developing better, so that it can advance joint businesses and improve the lives of members. Every cooperative business in running its business always requires funds or capital, with existing capital used to gain profits which are managed more efficiently (Gobai et al., 2019).

Financial reports are information that describes the condition of a company, which then becomes information that describes the performance of a company (Fahmi & Irham, 2014). Financial report analysis is a report that shows the company's current financial condition or in a certain period (Kasmir, 2012). The good or bad condition of a cooperative can be seen from the financial reports of each cooperative activity that has been carried out. There are several ways to analyze financial reports, that is by analyzing financial ratios and Du Pont.

According to Wahyuningsih et al.,(2018), financial ratio analysis is a comparison of items or elements of financial reports which include the balance sheet and profit and loss statement. Presenting financial reports is also useful for interested parties, that is members, banks, government and others related to the existence of cooperatives to determine financial performance which can help provide the information needed in making decisions. In general, the components of financial ratios are divided into four, that is liquidity ratios, activity ratios, solvency ratios and profitability ratios (Lia et al., 2015).

3. RESEARCH METHOD

This research was carried out at KUD Berkat Lestari Plasma, Beringin Lestari Village, Tapung Hilir District, Kampar Regency. The location selection was carried out deliberately with the consideration that Beringin Lestari Village has a KUD which operates in the agricultural sector and the required data is available to support the smooth running of the research. This research was carried out for 3 months, that is December 2022 to March 2023.

The research method used in this research is the case study method, which is a scientific activity carried out in detail about a program, event and activity at the individual, group of people, institution or organization level to obtain in-depth information about it (Rahardjo,

2017). The method for collecting data and information used was interview techniques and direct observation of informants at the research location. The informants in this research were the chairman, secretary and treasurer who worked at KUD Berkat Lestari Plasma.

The data collection technique is using primary data and secondary data. Primary data includes KUD history, number of farmer groups, businesses run, amount of mandatory savings, cooperation partners and RAT activity. Secondary data was obtained from the Central Statistics Agency, Village Head Office, results of previous research, journals and books. Based on the research objectives, objective 1 analysis was analyzed using the financial ratio analysis method, objective 2 analysis was analyzed using the du Pont analysis method with the following formula (Nikmah et al, 2013; Purba et al., 2023):

The financial ratio formula is:

1. Liquidity Ratio

- a) $Current\ Ratio = \frac{Current\ asset}{Current\ liabilities} \times 100\%$
- b) $Quick\ Ratio = \frac{Current\ asset - Inventory}{Current\ liabilities} \times 100\%$
- c) $Cash\ Ratio = \frac{Cash\ and\ cash\ equivalents}{Current\ liabilities} \times 100\%$

2. Activity Ratio

- a) $Inventory\ Turnover\ Ratio = \frac{Cost\ of\ goods\ sold}{Average\ inventory} \times 1\ time$
- b) $Average\ Age\ Of\ Inventory = \frac{360}{Inventory\ Turnover\ Ratio}$
- c) $Fixed\ Asset\ Turnover = \frac{Sale}{Total\ fixed\ assets} \times 1\ time$
- d) $Total\ Asset\ Turnover = \frac{Sale}{Total\ fixed} \times 1\ time$
- e) $Receivable\ Turn\ Over = \frac{Sale}{Average\ receivable} \times 1\ time$

3. Solvency Ratio

- a) $Debt\ Ratio = \frac{Total\ debt}{Total\ fixed} \times 100\%$
- b) $Debt\ To\ Equity\ Ratio = \frac{Long\ term\ debt}{Capital}$
- c) $Debt\ Capitalization\ Ratio = \frac{Long\ term\ debt}{(Long\ term\ debt + Capital)} \times 100\%$

4. Profitability Ratio

- a) $Gross\ Profit\ Margin = \frac{Gross\ profit}{Sale} \times 100\%$
- b) $Operating\ Profit\ Margin = \frac{Operating\ profit}{Sale} \times 100\%$
- c) $Net\ Profit\ Margin = \frac{Net\ profit}{Sale} \times 100\%$

The du pont system analysis formula is:

1. $Return\ On\ Investment = Net\ Profit\ Margin \times Total\ Assets\ Turnover \times 100\%$
2. $Return\ On\ Equity = \frac{ROI}{(1 - Debt\ Ratio)} \times 100\%$

This section consists of the research design, subject/object/population/sample, operational definition and measurement of variables, data collection technique and instrument, and data analysis techniques.

4. RESULTS

Financial Ratio Analysis of KUD Berkat Lestari Plasma

The financial performance of KUD Berkat Lestari Plasma, Beringin Lestari Village, Tapung Hilir District, Kampar Regency can be determined using financial ratio analysis and du Pont analysis. The following is the calculation of financial ratios in Table 1. Based on the calculations that have been carried out, it can be said that the liquidity ratio in the current ratio during the 2017-2021 period shows fluctuation. The largest current ratio value in 2019 was

211.04%, which can be explained by this ratio that current debt of IDR 1.00 is guaranteed by current assets of IDR 2.1104. According to the Regulation of the Minister of Cooperatives and Small and Medium Enterprises of the Republic of Indonesia No.06/Per/M.KUKM/V/2006, the current ratio assessment criteria are very good, that is above 200%. Likewise, the quick ratio fluctuates. The largest quick ratio value in 2019 was 208.73%, meaning that every IDR 1.00 of current debt can be guaranteed IDR 2.0873 by current assets minus inventory. The quick ratio value shows very good criteria because the achievement is above the standard, that is >150%. Then the cash ratio value in 2017-2021 experienced fluctuations. The largest cash ratio value in 2020 was 81.12%, which means that every current debt of IDR 1.00 is guaranteed by a cash ratio of IDR 8,112.

Table 1. Financial Ratios of KUD Berkat Lestari Plasma 2017-2021

Component Ratio	2017	2018	2019	2020	2021
Liquidity					
<i>Current Ratio</i>	177.32%	190.25%	211.04%	200.76%	189.17%
<i>Quick Ratio</i>	176.94%	189.58%	208.73%	200.35%	188.71%
<i>Cash Ratio</i>	48.69%	47.17%	58.62%	81.12%	52.09%
Activity					
<i>Inventory Turnover Ratio</i>	6.07 Times	20.93 Times	8.60 Times	10.97 Times	30.53 Times
<i>Average Age of Inventory</i>	59 Days	17 Days	42 Days	33 Days	12 Days
<i>Fixed Asset Turnover</i>	7.83 Times	8.79 Times	10.65 Times	2.87 Times	3.34 Times
<i>Total Asset Turnover</i>	0.066 Times	0.066 Times	0.069 Times	0.073 Times	0.071 Times
<i>Receivable Asset Turnover</i>	0.10 Times	0.09 Times	0.09 Times	0.11 Times	0.12 Times
Solvency					
<i>Debt Ratio</i>	55.92%	52.17%	47.08%	48.55%	51.74%
<i>Debt Equity Ratio</i>	1.19%	0.80%	2.77%	1.00%	1.23%
<i>Debt to Total Capitalization Ratio</i>	1.17%	0.79%	2.69%	0.99%	1.21%
Profitability					
<i>Gross Profit Margin</i>	7.80%	10.47%	9.96%	9.94%	9.98%
<i>Operating Profit Margin</i>	188.64%	187.17%	177.51%	159.78%	155.71%
<i>Net Profit Margin</i>	186.91%	185.49%	176.24%	158.64%	154.65%

Source: Primary data processed, 2023

The activity ratio in the inventory turnover ratio fluctuates, the average value of a good inventory turnover ratio is 20 times, low inventory turnover is a sign of excessive inventory and slow circulation. Conversely, the higher the inventory turnover, the more efficient the cooperative's inventory. The average age of inventory value fluctuates. The lower average age of inventory indicates that the cooperative is active in selling its inventory. The average age of inventory is considered as the time from when the cooperative purchases stock for sale until the final sale. Based on Table 1, the fixed assets turnover value is >5 times which according to Cashmere (2012) a good value is greater than 5 times. So it can be stated that the condition of KUD Berkat Lestari Plasma is quite good in managing its fixed assets to generate sales. Meanwhile, the total asset turnover value also fluctuates, but if we look at the Regulation of the Minister of Cooperatives and Small and Medium Enterprises of the Republic of Indonesia No.06/Per/M.KUKM/V/2006, which is >3.5 times to be said to be good, then performance The cooperative is still below the standards that have been set, so it is stated that KUD Berkat Lestari Plasma is still not good at managing its total assets to generate sales. The receivable asset turnover value in 2020 increased by 0.11 times and in the following year, that is 2021, it increased by 0.12 times. This increase occurred due to the large increase in sales compared to receivables.

The debt ratio standard set by the Regulation of the Minister of Cooperatives and Small and Medium Enterprises of the Republic of Indonesia No.06/Per/M.KUKM/V/2006 is $\leq 40\%$ to be declared good. Based on Table 1, KUD Berkat Lestari Plasma from 2017 to 2021 has a value of more than 40%, which means that the cooperative has not been able to use its assets

properly to generate maximum profits even though it has total debt which tends to increase. Likewise, the low debt-equity ratio indicates that KUD Berkat Lestari Plasma has a good ability to pay its long-term debt because the smaller the debt-equity ratio, the smaller the cooperative's debt. This is under the standards set by the Regulation of the Minister of Cooperatives and Small and Medium Enterprises of the Republic of Indonesia No.06/Per/M.KUKM/V/2006, that is $\leq 70\%$ to be declared good. Then, when the debt to total capitalization ratio fluctuates, it can be seen that the total long-term capital is long-term loans from KUD Berkat Lestari Plasma.

Based on Standard Ministerial Regulation No. 06/Per/M.KUKM/V/2006, the gross profit margin percentage must reach $>15\%$ to be classified as good. If you look at Table 1, the gross profit margin value of KUD Berkat Lestari Plasma has not been able to reach the standards that have been determined from 2017 to 2021 so it is included in the not good category. This can be seen from the increase in gross profit earned every year and sales increasing every year. Meanwhile, the value of the operating profit margin can be increased if the cooperative can use operational costs well, so that maximum operational profit is obtained. Standard Ministerial Regulation No. 06/Per/M.KUKM/V/2006, the percentage for net profit margin must reach $>15\%$ to be classified as good. Based on Table 2, it can be seen that the net profit margin value of KUD Berkat Lestari Plasma is $>15\%$, this shows that the category is very good, as seen from the net profit and sales which increase every year.

Analysis of Du Pont KUD Berkat Lestari Plasma

The results of the calculation of Return On Investment and Return On Equity KUD Berkat Lestari Plasma from 2017 to 2021 can be seen in table 2 below.

Table 2. Du Pont KUD Thanks to Sustainable Plasma 2017-2021

Component	2017	2018	2019	2020	2021
<i>Return On Investment</i>	12.34%	12.24%	12.16%	11.58%	10.98%
<i>Return On Equity</i>	27.99%	25.59%	22.98%	22.51%	22.75%

Source: Primary data processed, 2023

Based on Table 2, it can be seen that the Return On Investment value of KUD Berkat Lestari Plasma from 2017 to 2021 has decreased due to the decline in income and assets owned by the cooperative, so that the cooperative's profit has also decreased (Adiwinata et al., 2017). This indicates that KUD Berkat Lestari Plasma is still not stable in managing its assets to generate operating profits. The return on equity value of KUD Berkat Lestari Plasma from 2017 to 2021 fluctuated because the level of net income obtained from the capital invested in the cooperative decreased. Then in 2021 it will increase to 22.75%. The standard Return On Equity value set by the Regulation of the Minister of Cooperatives and Small and Medium Enterprises of the Republic of Indonesia No.06/Per/M.KUKM/V/2006 is $\geq 21\%$ in the very good category. Based on the explanation above, it can be said that KUD Berkat Lestari Plasma has very good criteria in 2017-2021.

5. CONCLUSION

The financial performance of KUD Berkat Lestari Plasma during the period 2017 to 2021, when viewed from financial ratio analysis, generally has relatively good performance, although there are still several ratios that do not reach the set financial standards. Then seen from the du Pont analysis, KUD Berkat Lestari Plasma shows good results in Return On Investment because every year KUD's performance is stable in managing its assets to generate profits. Meanwhile, Return On Equity has reached the specified standard value, in the very good category.

KUD management can maximize the use of the resources it has to maximize operational costs obtained. It is necessary to pay more attention to improving performance and financial components so that the number of cooperative members continues to increase every year.

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