

Transparency of Cooperative Financial Reporting Through Annual Member Meetings

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Abstract— Cooperatives have a very important role in growing and developing the people's economic potential and in realizing democratic economic life. The existence of cooperatives in improving the welfare of their members greatly supports the national and global economy. In cooperative management, financial reports are accounted for transparently at the Annual Member Meeting (RAT). However, in reality in the 2021 reporting there are still around 40% of cooperatives in Denpasar that have not carried out RAT (Department of Cooperatives and UMKM, 2021). The Annual Member Meeting (RAT) is an obligation of the Cooperative which must be held every year after closing the previous year's books. This has been regulated in Law Number 25 of 1992 concerning Cooperatives, which is stated in Articles 22 to 26. By implementing RAT in each Cooperative every year, it is hoped that it will be able to provide greater benefits in improving the economy and welfare for all its members and society in general. The conclusion of this research is that there are still Denpasar City cooperatives that have not implemented RAT and if they do not carry out RAT three times in a row they are threatened with being inactive.

Keywords— Cooperatives, Annual Member Meetings, Financial Reports, Transparency.

I. INTRODUCTION

Cooperatives in Indonesia, according to the 1992 Law, are defined as business entities consisting of individuals or cooperative legal entities that base their activities on cooperative principles as well as being a people's economic movement based on the principle of kinship. In Indonesia, cooperative principles have been included in Law no. 12 of 1967 and Law no. 25 of 1992. The principles of cooperatives in Indonesia are more or less the same as those recognized internationally with a slight difference, namely the explanation of SHU (Remaining Business Results).

Cooperatives have a very important role in growing and developing the people's economic potential and in realizing democratic economic life. The existence of cooperatives in improving the welfare of their members greatly supports the national and global economy. In order to keep cooperatives surviving, cooperatives must be supported by a management system with reliable, rational, effective and efficient management so that its presence can be felt by the community and the surrounding environment (Hamdani and Aulia, 2018).

In cooperative management, financial reports are accounted for transparently at the Annual Member Meeting (RAT). However, in reality, in the 2021 reporting there are still around 40% of cooperatives that have not carried out RAT (Department of Cooperatives and MSMEs, 2021). Head of the Denpasar City Cooperatives and UMKM Service, Made Erwin Suryadarma

Sena, said that many cooperatives did not carry out RAT due to the pandemic (www.nusabali.com, accessed March 11 2022). In fact, according to him, the pandemic cannot be used as an excuse not to hold a RAT.

Data from the Denpasar City Cooperatives and UMKM Service, of the 800 cooperatives that are still active, 40 percent have not yet held a RAT, which is a form of accountability of cooperative management to members. The Head of the Cooperatives and UMKM Service also appealed to cooperatives that have not yet held a RAT, to immediately carry it out even though it is too late because apart from being the management's responsibility to members, the results of the RAT will also be reported to the province and central government. This process will later be used as a reference for the government to provide assistance if any. If there is assistance in the future, those who do not carry out RAT will not be given facilities to obtain assistance. Apart from that, cooperative members can actively ask the cooperative management to hold a RAT. If the cooperative does not carry out a RAT, members can also submit a motion of no confidence to the management, or even replace the management. If they continue not to hold a RAT and do not comply with cooperative regulations, members can take a stand to replace the management through a member meeting. Cooperatives that do not hold RAT three times in a row will be given a verbal or written warning. If the implementation of the RAT is still not carried out, the Department of Cooperatives and UMKM will revoke the cooperative's permit and disband it (www.nusabali.com, accessed 11 March 2022).

By implementing RAT in each Cooperative every year, it is hoped that it will be able to provide greater benefits towards improving the economy and welfare for all its members and society in general. According to the Regulation of the Minister of Cooperatives and Micro, Small and Medium Enterprises (UMKM) in article 6 paragraph 1, Number 19/PER/M.KUKM/IX/2015 concerning the holding of cooperative member meetings, member meetings consist of special member meetings and annual member meetings. Member meetings hold the highest authority in decision making in cooperatives, as an implementation of the principles of democracy, transparency and accountability in cooperative governance. Annual Member Meeting (RAT) is a meeting held to hold management and supervisors accountable which is held at least 1 (one) time a year. The members' meeting to discuss the preparation of a cooperative income and expenditure budget plan will be held before the end of the financial year or before entering the following year.

II. GRAND THEORY

Cooperative

History records that the cooperative movement in the world began in the mid-18th and early 19th centuries. At that time, cooperatives were still called Pre-Industrial Cooperatives. This movement was born as a result of the industrial revolution which failed to realize the motto *Liberte-Egalite-Fraternite* (freedom-equality-togetherness). This motto was considered a failure because the industrial revolution did not bring changes to the economic conditions of the people. *Liberte* or freedom is only felt by those who have capital so they can reap as much profit as possible. Meanwhile *Egalite* and *Fraternite* or equality and togetherness only belong to the owners of large capital. In England, the first cooperative was founded in 1844 in the city of Rochdale. Founded by 28 members, this cooperative can survive and is considered successful because it is based on strong togetherness and the will to run a business.

The Annual Member Meeting

The Annual Member Meeting (RAT) is an obligation of every cooperative, because it is a form of responsibility of management and supervisors to members for their performance. It is hoped that the implementation of the RAT by cooperatives can be carried out early, namely between January and March. Because by carrying out the RAT at the beginning, it could be an indicator that the cooperative is being managed well. Good. Member meetings have a very important role in determining the progress and decline of the cooperative's life system, because member meetings resolve problems that arise in cooperative activities which will then look for solutions to overcome problems, in making the Articles of Association/Bylaws (AD/ART) of the cooperative must be established by the members' meeting as the highest authority holder in the cooperative.

Financial Statements

The Cooperative Financial Report is an official document that provides an overview of the cooperative's financial condition. This financial report includes information about the cooperative's assets, liabilities, equity, income, costs and profit and loss during a certain period, usually one year. Cooperative financial reports are very important for members, administrators and other stakeholders to understand the financial condition of the cooperative and assess whether the cooperative is operating effectively and efficiently.

Transparency

Transparency is the implementation of tasks and activities that are open to the public starting from policy processes, planning, implementation, supervision and control that are easily accessible to all parties who need this information. Transparency also means the openness of an organization in providing information related to public resource management activities to stakeholders. Transparency is built on the basis of free information. All government processes, institutions and information need to be accessible to interested parties and the information available must be sufficient to be understood and monitored. According to (Andrianto, 2007), several important

benefits of budget transparency are: 1. Preventing corruption; 2. It is easier to identify policy weaknesses and strengths; 3. Increase government accountability so that the public will be better able to measure government performance; 4. Increase confidence in the government's commitment to deciding on certain policies; 5. Strengthen cohesion, because public trust in the government will be formed.

III. RESEARCH DESIGN

Social and dynamic challenges are what the researchers will be examining. As a result, when deciding how to find, gather, handle, and evaluate the research data, researchers decided to employ qualitative research methodologies. This qualitative research can be used to understand social interactions, for example by in-depth interviews so that clear patterns can be found. The qualitative research design format consists of three models, namely descriptive format, verification format, and grounded research format. In this research, a qualitative method was used with a descriptive design, namely research that provides a careful description of certain individuals or groups regarding the conditions and symptoms that occur. Next, the researcher will provide a careful description of the phenomena that occur regarding the transparency of cooperative financial reports.

The population in this study was the Department of Cooperatives and UMKM of Denpasar City. The sample determination method uses non-probability sampling, which is a sampling technique that does not provide an equal opportunity for each element or member of the population to be selected as a sample. With a purposive sample type, namely a sample determination technique with certain considerations.

Researchers employ data gathering strategies to gather information for their studies. In this research, the researcher chose qualitative research, so the data obtained must be in-depth, clear and specific. Sugiyono (2015) further explained that data collection can be obtained from the results of observation, interviews, documentation, and combination/triangulation. In this research, researchers used data collection techniques by means of documentation, literature study and interviews.

Data analysis in qualitative research is carried out before entering the field, while in the field and after finishing in the field. In this case, Nasution (1988) in (Sugiyono, 2015, p. 245) stated "Analysis begins when formulating and explaining the problem, before going into the field and continues until the writing of the research results. However, in qualitative research, data analysis is more focused during the field process along with data collection."

Data analysis is an important step in research, because it can provide meaning to the data collected by the researcher. Data obtained and collected from respondents through observations, interviews, literature studies and documentation in the field is then described in the form of a report.

Data analysis in this research was carried out through three activities that occurred simultaneously, namely data reduction, data presentation, and conclusion drawing or verification by Miles and Huberman (1992) in Sugiyono (2015, p. 246). Qualitative data analysis is an ongoing, iterative and ongoing

effort. The problems of data reduction, data presentation, and drawing conclusions are a series of analysis activities that follow each other.

IV. RESULT

Cooperative financial reports are financial reports prepared to be able to describes the financial position, business results and cash flow of the company as a whole (corporate) as the management's responsibility for managing the cooperative's finances, which is primarily aimed at members.

The Denpasar City Small and Medium Enterprises Cooperatives Service (Diskop UKM) through an interview with one of the supervisory staff has appealed to the cooperative movement to carry out RAT (annual member meeting) on time. In accordance with Law no. 25 of 1992 concerning Cooperatives in articles 29 to 35 where Cooperatives are obliged to carry out RAT. If they do not do so, they are threatened with being frozen and disbanded. In accordance with the Cooperative Law Number 25 of 1992, it is mandatory for the cooperative movement to hold a RAT. Apart from that, referring to the circular, if a cooperative does not carry out RAT three times in a row, and twice there are no operations, then the cooperative is not active and can be frozen. The implementation of the RAT is an accountability report from the management to its members, and how the management performed during the year. Apart from that, RAT is also an accountability report, both financial, organizational and work programs to what extent they have been implemented. If there is a cooperative that does not hold a RAT, the management will immediately be replaced.

The supervisory staff of the Denpasar City Cooperatives and UMKM Service also explained that there are still Denpasar city cooperatives that have not implemented the RAT. This is a challenge for supervisors to carry out further evaluation and monitoring. The Denpasar City Department of Cooperatives and UMKM itself has taken several steps to motivate Denpasar City cooperatives to carry out the RAT in a timely manner. One of them, the Denpasar City Cooperatives and MSMEs Department routinely provides active cooperative rating certificates. This aims to ensure that cooperatives in the city of Denpasar can be motivated to carry out RAT and submit financial reports in a timely manner to the Department of Cooperatives and UMKM of Denpasar City.

The supervisory staff of the Denpasar City Cooperatives and UMKM Service also said that apart from the rewards given, the Denpasar City Cooperatives and UMKM Service also provides an application to make it easier for Denpasar City cooperatives to report their financial reports. The application is called Online Data Cooperative Bali (ODK). Through the ODK application, Denpasar City cooperatives can submit their reports in real time. Apart from monthly reports, RAT reports can also be input into this application. However, it is said that currently there are still cooperatives that have not participated in training in filling out the ODK application. In fact, training for filling out the ODK application has been carried out online and offline. So far, the reason why cooperatives in Denpasar City have not participated in ODK application training is because there has not been the right time to take part in the training, there are also several cooperatives that have inadequate staff, as well as there

are cooperatives that have participated in training but do not use the application and are still choose to submit the report manually. This is a task that is still being carried out by the Denpasar City Cooperatives and UMKM Department to find information about why not all Denpasar City cooperatives are willing to use the ODK application and there are still some who have not participated in the training to fill out the ODK application.

This ODK application can help the supervisory team of the Denpasar City Cooperatives and UMKM Service to monitor active and inactive cooperatives, although manual submission of reports is still carried out by cooperatives in Denpasar City. In 2023, there will be 1,040 active cooperatives in Denpasar City, while as many as 50 cooperatives will be inactive in Denpasar City. This continues to be an evaluation material for the Denpasar City Cooperatives and MSMEs Department to monitor the transparency carried out by Denpasar City cooperatives as seen from the implementation of the RAT.

The supervisory staff of the Denpasar City Cooperatives and UMKM Service explained that since 2019, several Denpasar City cooperatives have implemented RAT offline and online. However, the accountability remains the same, only the implementation is different. This is not an obstacle for the Department of Cooperatives and MSMEs to attend and participate in the RAT in several cooperatives in Denpasar City. The implementation of the RAT carried out by Denpasar City cooperatives is usually attended by 1-2 people from the business development section of the Denpasar City Cooperatives and UMKM Service, so that the staff on duty can provide input regarding the process cooperative. This is also one of the services for Denpasar City cooperatives so that if these cooperatives have questions or problems they can immediately get information from the business development staff who are present at the RAT.

V. CONCLUSION

Based on the discussion, the transparency of cooperative financial reports is always monitored by the supervision and business development section of the Denpasar City Cooperatives and MSMEs Service. For the 2022 financial report, which should hold a RAT no later than March 2023, there are still several cooperatives in Denpasar City that have not implemented the RAT. However, the Denpasar City Cooperatives and UMKM Service has firmly stated that if the cooperative does not carry out the RAT three times in a row, the management must be replaced and the cooperative will become inactive.

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