

The Effect of Revolving Funds Policy Implementation on the Productivity of the Cooperative Movement in Medan City

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Abstract

This study aims to determine and describe the implementation of revolving fund assistance policies in cooperatives in the city of Medan. The research objectives are (1) to analyze the effect of revolving funds on increasing cooperative assets, (2) analyzing the effect of revolving funds on increasing cooperative capital, (3) analyzing the effect of revolving funds on increasing cooperative SHU. The main sources of this research are cooperative administrators as implementers and cooperatives that receive aid funds. Data was collected using quantitative descriptive methods, namely by means of observation, interviews and documentation or literature study, namely searching documents related to the research objectives. The technique used is Multiple Regression Analysis. Multiple regression analysis was conducted to examine the effect of two or more independent variables on one dependent variable (Suryani and Hendryadi, 2015). Multiple regression analysis was used to answer research problems through data on revolving funds, assets, capital, and remaining operating results (SHU) on cooperative productivity. The results showed that the revolving fund used by cooperatives in the aspect of assets, capital and SHU had a positive impact. This is indicated by the results of the respondents conducted to 49 cooperative managers representing 8 cooperatives that received revolving funds until March 2021.

Keywords

revolving fund; productivity; cooperatives



I. Introduction

In Indonesia, the financial institutions that can provide funds to support formal capital are banks. It's just that banks have not been able to touch all levels of society, this is because to get a loan from a bank requires collateral/guarantee requirements, a long process and relatively high loan interest rates. In addition to bank financial institutions, there are also non-bank financial institutions such as insurance, baitul maal watamwil, and cooperatives that manage public funds. Like MSMEs, Cooperatives also experience problems in obtaining capital, because not all banks are willing to provide financing to cooperatives, especially if the assets they have do not meet the requirements. There are many sources of financing that can be obtained by cooperatives other than banks, including Venture Capital, Leases, Environmental Development Partnership Program (PKBL) from BUMN, CSR Funds, Zakat, and so on.

Therefore, the government as the holder of the mandate of the people issues policies that aim to encourage the Cooperative Movement and Micro, Small and Medium Enterprises to be able to increase production while increasing their income and welfare. To provide further support to Cooperatives and MSMEs throughout Indonesia, since 2006, the Ministry of Cooperatives and MSMEs has channeled funds to MSMEs including Cooperatives through a special institution called the Revolving Fund Management Agency for Cooperatives, Micro, Small and Medium Enterprises (LPDB- KUMKM). This institution is tasked with managing revolving funds for KUMKM financing, including in

the form of loans and other forms of financing in accordance with KUMKM needs. Through the distribution of this revolving fund, not only cooperatives will benefit but all MSMEs who are members of the cooperative's membership will also enjoy these facilities. Cooperatives are directed to channel financing to as many as possible to MSMEs and grow together with the cooperatives themselves because they are developing businesses together.

The concentration of the Ministry of Cooperatives and MSMEs is none other than developing MSMEs as well as empowering cooperatives as financial institutions that can be relied upon because they have easier procedures than banks but can reach remote areas of the country. Cooperatives can solve capital problems faced by MSMEs more effectively and efficiently and are affordable in all regions of Indonesia.

II. Review of Literature

2.1 Regional Development Theory

Development can be interpreted as an activity to add, improve, improve or expand. (Sirojuzilam and Mahalli, 2010). Territory is a collection of areas stretching as a geographical unit in shape and size. Regions have natural resources and human resources as well as geographical positions that can be processed and utilized efficiently and effectively through comprehensive planning (Miraza, 2005). Glasson (1990) defines a region as a unitary geographical area that describes the economic relations, administration, formulation and implementation of community planning and policy making with the aim of improving the welfare of the people in the area. Furthermore, it is stated that regional planning is a process of formulating social goals and spatial arrangements for activities in order to achieve these social economic goals. The spatial element is the basis and guideline for a regional planner in making a sectoral, regional plan and regional development programs. Tambunan et al (2021) Regional development is an effort in an administrative area or a certain area in order to achieve prosperity through optimal, efficient, synergic and sustainable exploitation of resources by means of stimulating economic activities, creating a conducive climate, protecting the environment and providing infrastructure and facilities.

In regional development, they often face the fact that the available funds are limited while the proposals from each sector are quite a lot (Tarigan, 2006). On the other hand, sustainable development must be able to put pressure on economic, social, political, and institutional mechanisms, both from the private and government sectors, in order to create a rapid improvement in people's living standards (Mahalli, 2005).

2.2 Definition and History of Cooperatives

According to the Cooperative Law that is currently in effect, namely Law no. 25 of 1992, "Cooperatives are business entities consisting of individuals or cooperative legal entities based on their activities based on cooperative principles, as well as a people's economic movement based on the principle of kinship". (Sugiharsono, 2001: 9). According to article 5 of Law no. 25 of 1992, the principle of Indonesian cooperatives includes 5 main aspects plus 2 aspects of the development principle, so that the cooperative principle covers 7 aspects, namely: 1) Cooperative membership is voluntary and open. 2) Cooperative management is carried out democratically. 3) The distribution of the remaining operating results (SHU) is carried out fairly according to the services of each member. 4) Provision of limited remuneration for capital. 5) Independence Based on this principle, cooperatives must be able to live independently, both in terms of capital, organization, management, and human resources. 6) Cooperative Education. 7) Cooperation between cooperatives.

The purpose of cooperatives is economic objectives or based on economic motives or profit seeking, while the interrelated parts are economic elements such as the use of a standard bookkeeping system, periodic checks are carried out, the existence of reserves and so on. Although in practice Cooperatives try to carry out the main principles as much as possible otherwise currently starting to experience a shift in the original purpose of the establishment of cooperatives and several obstacles in realizing national economic stability (Kartika, 2020).

Based on the characteristics of cooperatives as described above, we can get a picture of cooperatives as an economic system. As an economic system, cooperatives can be said to be a mixed economic system. The socialist element appears to be dominant in cooperatives by upholding the principle of togetherness and equal rights and obligations for cooperative members. In addition, the principle of supreme power in the hands of members is also the principle of democratic centralization of power.

2.3 Revolving Fund

Revolving fund according to the Regulation of the Minister of Finance Number 99/PMK.05/2008 concerning Guidelines for Managing Revolving Funds at State Ministries/Institutions, revolving funds are funds allocated by State Ministries/Institutions/Work Units of Public Service Agencies for business capital strengthening activities for cooperatives, micro, small, medium and other businesses under the guidance of the State Ministries/Agencies. This program is one of the breakthroughs of the Ministry of Cooperatives, Small and Medium Enterprises to assist cooperatives, small and medium-sized enterprises in order to encourage policies for fostering and developing the Cooperative, Small and Medium Enterprises program (Panggabean, 2005).

The distribution of revolving funds that have been realized to cooperatives in the city of Medan which has proposed a financing loan until January 31, 2021 in the amount of Rp. 33,200,000,000,- (three thirty three billion two hundred million rupiah) which are partners of LPDB-KUMKM, namely, the Public Transportation Cooperative (KPUM), Srikandi Cooperative, BMT Amanah Ray, BMT El-Hafiz, BMT Qania, BMT Bina Mitra Mandiri , CU. Mulia Mandiri and Kesuma Cooperative. This proves that the effect of the revolving fund on cooperatives in the city of Medan is very positive, especially in terms of increasing cooperative assets, capital and SHU. To maintain the sustainability of the revolving fund program, the Ministry of SME Cooperatives established a Small and Medium Enterprise Cooperative Revolving Fund Management Agency (LPDB-KUMKM), namely as an institution that manages Revolving Funds which has the task of carrying out the management of revolving funds for conventional loans and/or financing according to sharia principles. to cooperatives, and micro, small and medium enterprises in accordance with the provisions of laws and regulations. Some of the obstacles or obstacles experienced by program implementers are as follows: 1) Organizational Structure, 2) Strategy and Coordination, 3) Customer Compliance, 4) Communication.

2.4 Productivity

Work productivity in general means a result that is born from one's activities at work. Work productivity can be achieved properly if the existing factors are managed properly as well. Productivity is also a measure of the extent to which an organization's human resources are empowered to achieve results. Productivity is the achievement of the maximum point of performance at the expense of minimal resources. Hasibuan (2008) says that productivity is a comparison between output and inputs. If productivity increases, this is only made possible by an increase in efficiency (time and energy) and work systems,

production techniques and an increase in the skills of the workforce. Simanjuntak (2005) states that productivity is a mental attitude that always tries to improve the quality of life. Today's situation must be better than yesterday and tomorrow's quality of life must be better than today. Such a view of life and mental attitude will encourage people not to feel satisfied quickly, but will continue to develop themselves and improve work abilities. 10 Productivity means the ability to produce something. While work means the activity of doing something to earn a living (Poerwadarminta 2004).

Sutrisno (2009) states that to measure work productivity, an indicator is needed, namely as follows: 1. Ability, 2. Improve the results achieved, 3. Work enthusiasm, 4. Self-development, 5. Quality, 6. Efficiency.

2.5 Economic Development Theory

The development of economic development cannot be separated from government intervention. According to Dumairy (1999: 158), in a modern economy the role of the government can be divided into 4 types of role groups, namely: 1. Allocative roles, namely the role of the government in allocating existing economic resources so that their utilization can be optimal and support production efficiency. 2. Distributive role, namely the role of the government in distributing resources, opportunities and economic results fairly and fairly. 3. Stabilizing role, namely the government's role in maintaining economic stability and restoring it if it is in a state of disequilibrium 4. Dynamic role, namely the government's role in moving the economic development process so that it grows faster, develops and advances.

In Economic Development Cooperatives also have an important role and purpose. There are 5 (five) goals of cooperatives that need to be known, namely: 1. The first objective of cooperatives is to assist the government in realizing a just and prosperous society. 2. Cooperatives are established to improve the standard of living for the community, especially the members involved. 3. For SMEs, cooperatives can be a place to obtain capital and of course conduct joint business activities. 4. The next goal of cooperatives is to play a role in building the national economic order. 5. For producers, cooperatives can be a place to offer goods at relatively high prices.

2.6 Hypotheses

Based on the description above, the research hypothesis can be formulated as follows:

- 1) Assets have a positive effect on productivity.
- 2) Capital has a positive effect on productivity.
- 3) Remaining Operating Income (SHU) has a positive effect on productivity.

III. Research Method

This research was carried out at the Savings and Loans Cooperative which received revolving fund assistance in the city of Medan. This research according to the type of data and analysis can be grouped into quantitative data. The population of this research is cooperatives that make revolving fund loans through the Cooperative Revolving Fund Management Institute and Small and Medium Enterprises in Medan City until the 2020 period. The samples used in this study are all cooperatives that borrow funds from the Cooperative and Business Revolving Fund Management Institute. Small and Medium (LPDB-KUMKM). Data collection techniques in this study were carried out through: interviews, observations and documentation. Testing is done by Testing Validity and

Reliability. The technique used is Multiple Regression Analysis. The multiple linear regression analysis equation model in this research is: $Y = \alpha + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + e$.

IV. Results and Discussion

The results of data analysis indicate that revolving funds indirectly show a positive and significant effect on cooperative productivity. Limited capital owned by cooperatives can affect assets, capital, and remaining operating results (SHU), so that it can affect cooperative income. With this revolving fund, cooperatives can use it to increase assets, capital and remaining operating results (SHU), so that cooperatives can optimize their productivity.

4.1 Assets Affect Productivity

Asset variable (X1) has a positive and significant effect on cooperative productivity. These results show respondents' responses to indicators of increasing cooperative assets, such as: cooperative office buildings, cooperative office equipment and the ability of cooperatives to have an office vehicle. Assets are assets owned and managed by cooperatives to carry out business operations. Assets are resources controlled by the cooperative as a result of past events and from which future economic benefits will be obtained by the cooperative. Assets are recognized in the balance sheet when it is probable that future economic benefits will be obtained and the asset has a value or cost that can be measured reliably.

4.2 Capital Affects Productivity

Capital variable (X2) has a positive and significant effect on cooperative productivity. These results indicate respondents' responses to capital indicators such as: principal savings, mandatory savings, reserve funds and grants. Cooperative capital comes from two sources, namely own capital and foreign capital (foreign capital). Own capital can come from principal savings, mandatory savings, reserve funds, and grants. Loan capital can come from members, other cooperatives and/or their members, banks and other financial institutions, issuance of bonds and other debt securities, and other legitimate sources. Cooperatives can utilize their own capital and foreign capital in an effort to meet their capital needs. Own capital is capital that comes from the cooperative itself or capital that bears the risk.

4.3 SHU Affects Productivity

The SHU variable (X3) has a positive and significant effect on cooperative productivity. These results show respondents' responses to social SHU indicators such as: Capital Services and Business Services. The remainder of the Cooperative's Operating Results is the Cooperative's income earned in one fiscal year less costs, depreciation, and other liabilities including taxes in the relevant financial year. The remaining Operating Income (SHU) after deducting the reserve fund, is distributed to members in proportion to the business services performed by each member with the cooperative, and is used for cooperative education purposes and cooperative needs, in accordance with the decision of the Members' Meeting. If a cooperative is able to manage its cooperatives, the cooperative will be able to achieve maximum Remaining Operating Results (SHU). On the other hand, if the cooperative is not able to manage it, the cooperative's ability to achieve the Remaining Operating Income (SHU) will be less than optimal. It can be concluded that

SHU affects the productivity of cooperatives. The greater the SHU of the cooperative, the greater the productivity of the cooperative.

V. Conclusion

- 1) Variable Asset (X1) with a value of 4,378, Capital (X2) with a value of 4,180, SHU (X3) with a value of 2,401. These results indicate that there is an understanding of the majority of respondents on the questions on the variables Asset (X1), Capital (X2), and SHU (X3). Thus it can be said that in general the revolving funds managed by the management with the use of revolving funds on Assets (X1), Capital (X2) and SHU (X3) together have a positive influence on the productivity of cooperatives.
- 2) Capital variable (X2) has a positive and significant effect on cooperative productivity.
- 3) The SHU variable (X3) has a positive and significant effect on the productivity of cooperatives.
- 4) The ability of the three variables to explain the model was obtained at 95.4%. So that 4.6% is explained by other factors outside the model.

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