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Examination of the Effects of Own Capital, Debt to Equity Ratio, And Current Ratio on Remaining Business Results in Savings and Loans Cooperatives in East Manggarai

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ABSTRACT: This research was conducted to analyze the influence of the current ratio, debt-to-equity ratio, and own capital on remaining business results in the East Manggarai Wae Motu cooperative (KSP) in the 2016-2022 period. This research uses quantitative data methods to assess the influence of the current ratio, debt-to-equity ratio, and own capital on remaining business results. The secondary data used is in the form of financial reports and balance sheets. This data was obtained from the Wae Motu Cooperative (KSP) East Manggarai. The research results show that the current ratio, debt-to-equity ratio, and own capital influence the remaining business results. Meanwhile, partially, the variables current ratio and debt to equity ratio do not affect remining business results. At the same time, capital itself influences remaining business results in cooperatives in East Manggarai.

KEYWORDS: Current Ratio, Debt to Equity Ratio, Own Capital, Remaining Business Results

I. INTRODUCTION

Three pillars of the strength of the Indonesian economy, which are highly relied upon compared to other developing countries to compete in the global economy, are the main pillars in implementing various forms of national economic life activities. The pillars of the Indonesian economy are State-managed business entities, namely BUMN and Cooperatives, which are Indonesia's resilience in the economic sector in realizing its dream of becoming a new force during the global economic struggle. The government hopes that the three national economic sectors will be able to synergize, support each other, work together, and unite in the national economic system. As one of the pillars of the national economy in its development process, cooperatives have an identity to strengthen political sovereignty, and Indonesia, through the cooperative movement, can manage economic resources in a healthy climate, develop growth, and empower independent power. Cooperatives are a source of hope and hope; cooperatives have a vital role in national economic governance because cooperatives are based on the principles of kinship and cooperation to create social and economic progress, prosperity, justice, and prosperity guided by Pancasila and the 1945 Constitution of the Republic of Indonesia.

Cooperatives do not use the term profit or gain to indicate the difference between the income received during a certain period and the sacrifices made to obtain that income. This difference in cooperatives is called Remaining business results. Limbong (2012) said that the remaining business results of a cooperative are the difference between all income or total receipts (total revenue/TR) and costs or total costs (total costs/TC) in one financial year. The remaining business results originate from economic activities by members themselves, namely the remaining business results for capital services and the remaining business results for member services. The remaining business results for capital services is a member as the owner or investment of the cooperative because members have member services for capital services in the form of savings. As long as the cooperative produces the remaining business results, the members of the cooperative will receive it. On the other hand, the remaining business results for business services are where members, apart from being owners, are also customers and users. So, services performed by members for businesses in the cooperative will also receive the remaining business results.

Decree of the Minister of UMKM No.20/Per/M.KUKM/XI/2008 contains aspects of cooperative performance assessed as "healthy", viewed from several aspects, namely: healthy capital, healthy productive assets, healthy management, efficiency, independence and growth, financial health, and cash identity of the cooperative, which results in an assessment of the health of the cooperative, expressed by the category of whether the cooperative falls into the categories of healthy, quite healthy and unhealthy. As a source of accurate information, financial reports are a tool to see the extent of the cooperative's development which is measured using clear and accurate methods in providing integral/integrated, detailed and detailed information to internal and external parties who have an interest so that they can provide information on business progress. and developments in the financial sector. The proper and correct presentation of financial reports will benefit the management and members of the cooperative, as well as other interested parties so that they can understand the information in the financial reports. Financial reports analyzed per book rules in accounting will provide detailed, accurate, and precise information to facilitate interpretation regarding the picture of targets achieved in cooperative finance.

The method that cooperatives can use to evaluate and improve their performance is by analyzing the cooperative's financial performance. This analysis will show the cooperative's ability in three indicators of its business performance: profitability, liquidity, leverage, and efficiency. This analysis also looks at the successes and weaknesses of cooperatives by using financial ratios, to analyze and interpret financial reports from several aspects and various formulations so that from these financial reports, data can be obtained that can be used to support decisions to be taken by interested parties. to the financial statements or the company concerned.

Financial ratios function to show company performance and financial situation. To be significant, a financial ratio must be able to compare with company estimates and historical values of the same company, with values considered optimal values for the company's sector of activity or similar company ratios. While some ratios alone may not be representative and should be compared as indicators or combined with other ratios to provide a picture of a company's situation, financial ratios must meet different user information needs. The main limitation in using ratios is when there is no cash generated from operating activities, resulting in a negative ratio that cannot be used to determine company performance.

The liquidity ratio is a ratio that can provide an overview of the fulfillment of obligations within a short or predetermined period of time. In this research, the author uses current ratio analysis, a variable that provides an overview of the cooperative's ability to fulfill its short-term obligations. According to research conducted by Rahayu (2017), the current ratio positively and significantly influences remaining business results. The higher the ratio of current assets to current liabilities, the higher the company's ability to pay its short-term obligations. The author uses debt-to-equity ratio analysis on the solvency ratio, which is a variable that can provide information about the company's capital obligations. The solvency ratio is a ratio that aims to provide an overview of the amount of debt a company bears to meet its assets. Research conducted by Nurmayasari (2012) states that the Debt to Equity ratio significantly negatively affects remaining business results. This is due to the fact that the loan interest rate is higher than the level of income expected by the cooperative.

Own capital is capital that comes from the company itself (profit reserves). The use of capital is very important for cooperatives because capital is closely related to the daily operations of cooperatives. For cooperatives, capital is very important to carry out their business activities efficiently. The higher the member participation, the higher the benefits received by the member. Member participation takes the form of their own capital and transactions carried out by members. It can be said that capital itself has an influence in obtaining large remaining business results because the greater the capital paid up, the greater the freedom of members in the cooperative, thereby increasing the volume of business, and of course, this will increase the remaining business results owned by the cooperative. Cooperative business capital is prioritized to come from members; member capital comes from principal savings and mandatory savings; this reflects that cooperatives as business entities want to encourage themselves with their own strength. The greater the number of members, the greater the capital the cooperative has. This means that cooperative business capabilities will also become more diverse, and in turn, this will increase the remaining business results and earnings. Research conducted by Rohmansyah & Sudarijati (2017) states that capital itself has a significant effect on remaining business results and also has a positive relationship. This means that the greater your own capital you have, the greater your remaining business results will be.

II. LITERATURE REVIEW

a. Cooperative

Cooperatives in Indonesia are defined as bodies consisting of individuals or cooperative legal entities that base their activities on cooperative principles as well as people's economic movements based on the principle of kinship. Cooperatives are legal entities and have a family nature, consisting of a group of people working together to achieve mutual prosperity. Shared prosperity can be achieved by uniting, nurturing, and developing every potential for a common goal. Cooperative performance is a condition that must be known and confirmed to certain parties to determine the level of achievement of a cooperative agency's results linked to the cooperative's vision and to determine the positive and negative impacts of an operational policy. The main aim of carrying out and developing a business in a cooperative is not to pursue profit. Therefore, the profit sought is only reasonable, not to seek maximum profits as other business entities seek.

b. Financial Report

Financial reports are the result of the accounting process, which can be used to communicate between a company's financial data or activities and parties interested in that data. So it can be concluded that financial reports are notes or descriptions in the form of company financial information in the last year, where financial reports can also be used to describe a company's financial performance. Kasmir (2014) said that financial reports show the company's current condition in a certain period. In general, cooperative financial reports are presented in the form of a balance sheet and a report on the remaining results of operations. The balance sheet is a financial report that describes the financial position, namely assets, debt, and capital of the cooperative at a certain time. Meanwhile, the remaining business results report describes the results achieved in a certain period (Subandi, 2010).

c. Capital Structure

To carry out their business activities, cooperatives need a certain amount of capital, which can be obtained from various sources, originating from their own or foreign capital or debt. The cooperative's capital can come from internal capital or external capital. Internal capital originates from cooperative business operational activities, namely the remaining business results, which are allocated in the form of reserves. Meanwhile, external capital comes from cooperative owners, namely members as owners, in the form of principal savings and mandatory savings. Foreign capital, often referred to as debt, can be obtained from various sources, including banks and debt from government institutions.

As business entities and other corporate entities, both individuals and corporations, Cooperatives have almost the same objective: making a profit. In cooperatives, the method of obtaining profits is regulated and directed to improve welfare and provide maximum benefits for its members. Thus, cooperatives and other legal entities are the same in capital management. Capital structure is quite an important issue for the Company because, to carry out its activities, the business must be able to provide the most economic capital and use it as effectively as possible. According to Sudana (2015), capital structure is long-term spending measured by comparing the amount of long-term debt with the amount of equity debt.

III. METHODS

This research uses a positive paradigm, which uses deductive reasoning and quantitative methods to obtain the truth. The secondary data used in this research is the financial report for 2016-2022. The sample used in this research is the five cooperative financial reports in East Manggarai Regency for 2016-2022.

IV. RESULTS AND DISCUSSION

a. The influence of the current ratio on remaining business results in five cooperatives in East Manggarai

Based on the results of the partial analysis, the current ratio has a positive relationship and does not have a significant effect on remaining business results, where the significant value is 0.494>0.05; this shows that the current ratio has no significant effect on the remaining business results, so the first hypothesis is rejected. It was found that there was no influence of the current ratio on the remaining business results, indicating that an increase or decrease in the current ratio had no big or negligible effect on the remaining business results of the cooperative. This happened because the value of current assets was greater than the current debt of cooperatives in East Manggarai, resulting in a ratio that was too high. Research from 2016 to 2022 shows that the current ratio of cooperatives in East Manggarai needs to be lowered. This is because current assets are too high, and the cash balances owned by cooperatives are used to pay off debts and loans of cooperative members because the receivables generated are too high especially loans. (credit) where much of the credit disbursed is uncollectible. This will result in excess current assets in the form of accumulated receivables, which will have an unfavorable influence on the growth of the remaining business results. Supplies of goods owned by cooperatives, such as (fertilizer and pest medicine) are kept from cooperative members so that cooperatives cannot increase profits. This occurs due to a lack of participation from cooperative members so that current assets increase and cannot increase remaining business results. This shows that the cooperative's ability to fulfill its short-term obligations does not guarantee the availability of working capital to support its operational activities, so the remaining business results obtained are different than expected.

The current ratio is a ratio to measure a company's ability to pay short-term obligations or debts that are due when they are collected in full. So, the current ratio is a ratio that compares the company's short-term debt with its current assets so that you can find out whether the condition of the cooperative is liquid or illiquid. This shows that the cooperative's ability to pay its short-term debt profitably does not guarantee that operational capital will be available to fund cooperative operations. As a result, the remaining business results acquisition did not go as expected because it had to pay its debts. Cooperatives try to use as many current assets as possible to pay debts and other purposes. This research also illustrates that the current ratio is one of many tools to represent liquidity in measuring remaining business results in cooperatives.

The results of this research do not agree with the results of research conducted by Rahayu (2017), showing that the current ratio has a positive and significant effect on remaining business results, and this is also supported by research conducted by Kagatanaribe & Ernawatiningsih (2019) which states that the current ratio partially has no effect. significant impact on remaining business results in the Bahtera Sejahtera credit union cooperative in 2021. However, this research supports research conducted by Nurmayansari (2012), the results of research conducted by Nurmayansari state that the current ratio has no significant effect on remaining business results. This research also aligns with Albana & Kusmantoro (2015), which states that the current ratio does not significantly affect remaining business results in KPRI Semarang City 2013. Likewise, research conducted by Dwireigina (2018) states that the current ratio has no effect. towards Remaining Business Results at the Industrial Employees Cooperative (KOPKARIND) PT. Sunrise Bumi Textiles for the 2014-2016 period.

b. The influence of debt to equity ratio on remaining business results in five cooperatives in East Manggarai

Based on the partial t-test analysis results, the debt-to-equity ratio does not significantly influence the remaining business results in cooperatives in East Manggarai. The significant value is 0.481>0.05, which means Ho is accepted, and Ha is rejected, which means debt-to-equity partially has no influence on remaining business results.

The debt-to-equity ratio is a ratio used to assess debt versus equity. This ratio is found by comparing all debt, including current debt, with all equity. This ratio is useful for knowing the amount of funds the borrower (creditor) and the company owner provides. This ratio determines every rupiah of own capital used as collateral for debt. This research shows that the debt-to-equity ratio does not affect the remaining business results of cooperatives in East Manggarai. The statistical analysis of the t-test, it shows that the debt-to-equity ratio variable has no significant effect, which means it cannot increase the remaining business results growth in cooperatives in East Manggarai in 2016-2023. This incident is due to the proportion of debt used for the capital component of a cooperative, and the resulting DER ratio is low. The research results show that the size of the DER, in turn, will not affect the size of the remaining business results obtained by the cooperative. The remaining business results will be lower if the debt burden is high. This happens because the funding policy reflected in the DER does not influence the profit or profitability of the cooperative. Suppose the cost of debt is visible in the cost of credit > personal cost of capital. In that case, the average cost of capital is higher, impacting the remaining business results. This makes it increasingly more work for cooperatives to meet their long-term obligations if more money is received from third parties. As a result, cooperatives cannot provide additional credit to their members. Since cooperatives cannot generate long-term or short-term income to increase income due to a lack of operational capital to fund activities, this can lead to a decline in the growth of remaining business results. This may happen because the cooperative does not pay attention to services, so cooperative members do not participate enough in making savings and loans, if many members make savings and loans, the cooperative will also get a lot of interest which will increase remaining business results growth, and it would be better for the cooperative to increase it further. service quality so that it can increase member participation by providing attention and being more responsive in understanding member needs, availability of goods and services needed by members, as well as providing convenience in the savings and loan process. Because member participation in savings and loans will affect the cooperative's income and will increase remaining business results growth. Cooperatives should be more selective in providing loans to members because the more loans that do not return to the cooperative, the more the cooperative's income will decrease, which will impact the remaining business results' growth.

The results of this research differ from those conducted by Purwati (2019), which states that the debt-to-equity ratio has a significant and positive influence on remaining business results in the Anugerah Bandarjaya Lampung Tengah credit cooperative. This research is in line with research conducted by Syahroni (2011), which states that the debt-to-equity ratio had a significant positive influence on remaining business results at KPRI in Malang City in 2010. This is because the cooperative in this research can pay its debts now and in the future. The cooperative is financially strong and generates a lot of profits, which impacts the remaining business and results in a high growth rate. However, the results in this research differ from those of Diansyah (2012), which states that the debt-to-equity ratio does not significantly and positively influence remaining business results. This research is supported by research conducted by Redo & Wallem (2021), which states that the debt-to-equity ratio has no significant effect on remaining business results.

c. The influence of own capital on remaining business results in five cooperatives in East Manggarai

Own capital is the basic capital in a cooperative. The capital itself is obtained from principal savings, mandatory savings, and reserves, which the cooperative uses for savings and loan businesses, supported by large capital capabilities, ultimately resulting in fairly sizeable remaining business results. The capital itself is used to improve the survival and business of cooperatives in cooperatives in East Manggarai. It is proven by the results sourced from SPSS analysis that own capital has a positive and significant influence on remaining business results in cooperatives in East Manggarai. By increasing the essential and mandatory savings of members, we can improve the cooperative's capital and invite outside members to join the cooperative so that the capital increases and can be used for other business capital, which can bring profits to the cooperative.

Based on the results of the partial t-test analysis, it is clear that own capital has a positive and significant effect on remaining business results; where the significant value is 0.001 < 0.05, it is concluded that own capital impacts remaining business results in cooperatives in East Manggarai. This effect is caused by the increasing number of members in the cooperative so that essential and mandatory savings can be channeled to increase the remaining business results and growth. The greater the number of cooperative members, the more profitable it will be for the cooperative to obtain capital because the capital comes from the principal and mandatory savings of cooperative members. So, the more mandatory savings there are and the greater the principal, the more profits the cooperative will get from the remaining business results. The impact when one's capital is more significant will increase the remaining business results well, and all of this will benefit members because later in one financial year, they will obtain/receive significant remaining business results. All of this is certainly not easy and requires hard work and cooperation between members to increase principal and obligatory savings in the cooperative.

This is the same as the research results conducted by Winarko (2014), which stated that own capital was tested partially and had a significant and positive effect on remaining business results in cooperatives in Kediri in 2014. The results of this research agree with research conducted by Rohmansyah & Sudarijati (2017), who state that capital itself significantly affects remaining business results and has a positive relationship. This means that the greater the capital you have, the greater the remaining business results obtained by the cooperative. However, the results of this research differ from those conducted by Ayuk & Utama (2013), which shows that the capital variable partially does not significantly affect the remaining business results in Savings and loan cooperatives in Badung Regency, Bali Province. Likewise, research conducted by Rachman & Widiani (2019) shows that only partially owning capital significantly affects remaining business results. This is because capital itself bears capital or interest costs, which can reduce the remaining business results and earnings.

V. CONCLUSIONS

Based on the results obtained from the description of the discussion above, it can be concluded that the following things include:

a. Based on the results, the current ratio (CR) variable has no significant effect on the remaining business results in cooperatives in East Manggarai. This shows that cooperatives in East Manggarai can pay off all their current liabilities.
b. Based on the results, the debt-to-equity ratio (DER) variable has no significant effect on the remaining business results in cooperatives in East Manggarai. This shows that the debt-to-equity ratio in cooperatives is declining and is increasingly small. It will improve because the interest debt burden on external parties will decrease, increasing the cooperative's remaining business results.
c. Based on the results, the variable own capital significantly affects the remaining business results in Cooperatives in East Manggarai. This is because the capital increase the cooperative owns will make it more flexible in its operational activities, allowing it to manage its capital efficiently to maximize the remaining business results.

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