

Evaluation of The Governance of The Employee Cooperative at STIE Mandala

Ihrom Caesar Ananta Putra
Institute Technology and Science
Mandala
Jl. Sumatra No. 118-120 Jember, East
Java, Indonesia (+62331-334324)
ihrom@itsm.ac.id

ABSTRACT

This study aims to evaluate the governance of the Employee Cooperative at STIE Mandala based on the principles of Good Corporate Governance (GCG) to identify challenges and provide strategic recommendations for improving the cooperative's governance quality. The research employs a qualitative approach with data collected through interviews, observations, and documentation. The data were analyzed using the Miles & Huberman model, including data reduction, data display, and conclusion drawing.

The findings reveal several key weaknesses in the cooperative, such as inadequate legal status, a lack of formal documentation, insufficient strategic planning, absence of risk management, unreliable information systems, and suboptimal oversight. These conditions indicate a misalignment of the cooperative's governance with GCG standards, potentially undermining member trust and the cooperative's sustainability.

Proposed strategic recommendations include strengthening internal and external legalities, drafting formal documents such as guidelines and SOPs, comprehensive and detailed planning, risk management development, implementation of accountable information systems, and optimizing oversight through routine evaluations. Implementing these measures is expected to enhance the governance effectiveness of the Employee Cooperative at STIE Mandala, achieve certification, and support member welfare.

Keywords : Evaluation, Good Corporate Governance, Cooperative

1. INTRODUCTION

Employee cooperatives are one of the economic pillars that play a crucial role in supporting inclusive and sustainable economic growth. As member-based entities, cooperatives reflect the values of economic democracy and social justice while serving as instruments to improve members' welfare (Fikriman et al., 2021). In the context of higher education organizations, employee cooperatives have strategic potential to strengthen member relationships and support the operations of their parent institutions.

The Employee Cooperative at STIE Mandala has been operational since the establishment of the institution, with the primary goal of supporting employees' economic needs. However, the institutional transformation of STIE Mandala into the Mandala Institute of Technology and Science in 2022 has posed new challenges. These changes have impacted the organizational structure and necessitated adjustments in the cooperative's governance to remain relevant and effective amidst existing dynamics (Chalim et al., 2022).

The effectiveness of cooperative governance is a primary issue that needs to be evaluated, as good governance is the foundation for cooperative sustainability. According to the principles of Good Cooperative Governance (GCG), cooperatives are expected to manage resources transparently, enhance member participation, and maintain accountability in reporting (Saputra & Setyawati, 2023). However, during the 2023 Annual Members Meeting (RAT), issues related to accountability were identified, including discrepancies between financial reports and actual conditions, and a lack of transparency in information provided to members. These conditions highlight the challenges faced by the cooperative in implementing governance that meets expected standards.

These issues underscore the urgency of evaluating the governance of the Employee Cooperative at STIE Mandala. Based on previous studies, good cooperative governance not only increases member trust but also drives long-term operational sustainability (Anggraeni & Dewi, 2022). Therefore, this study aims to analyze the effectiveness of the cooperative's governance, identify challenges, and provide strategic recommendations to improve governance quality in the future.

2. LITERATURE REVIEW

2.1 Agency Theory

Agency theory is one of the primary theories used to understand the relationship between owners (principals) and managers (agents) in an organization. In the context of cooperatives, owners can be considered as cooperative members, while managers are the cooperative's administrators or executives. According to Jensen and Meckling (1976), agency theory explains potential conflicts of interest between principals and agents due to differing objectives and information asymmetry. These conflicts may arise when cooperative managers act contrary to members' interests, such as in asset management or non-transparent decision-making. Hence, agency theory

emphasizes the importance of oversight and control mechanisms to ensure cooperative managers' actions align with members' interests.

Agoes (2012) suggests that reducing agency problems requires an effective oversight system, including the use of transparent and accountable financial reports. Cooperative managers must be accountable for every decision made, ensuring those decisions benefit all cooperative members. In this regard, agency theory provides a basis for the importance of implementing Good Corporate Governance (GCG) to mitigate potential power abuse and enhance accountability in cooperative management.

2.2 Principles of Good Corporate Governance (GCG)

Good Corporate Governance (GCG) is a set of principles and practices designed to ensure that an organization, including cooperatives, is managed transparently, accountably, and fairly. Agoes (2012) states that GCG principles are crucial in building member trust in cooperative management and supporting the cooperative's goals effectively and efficiently. The main principles of GCG according to Agoes (2012) include:

- a. **Transparency:** Cooperatives must ensure that all information related to operations, finances, and decisions made by management is clearly available to members. Transparency in financial reporting is key to maintaining member trust.
- b. **Accountability:** Cooperative management must be responsible for decisions made and outcomes achieved. Accountability includes managing cooperative resources efficiently and ensuring that all decisions align with the cooperative's objectives and members' interests.
- c. **Responsibility:** Cooperatives must act in accordance with their objectives and principles, which aim to improve members' welfare. Management must perform its duties responsibly toward members and the broader community.
- d. **Independence:** In decision-making, cooperative management must be free from external pressures or conflicts of interest that could affect the objectivity of decisions.
- e. **Fairness:** All decisions made by the cooperative must consider the rights of all members and maintain a balance of interests. This principle emphasizes the importance of treating all parties involved in the cooperative equitably.

These GCG principles are highly relevant in addressing potential issues in agency relationships within cooperatives. Proper implementation of GCG can help minimize conflicts between management and members, as well as improve transparency and accountability in cooperative governance.

2.3 Cooperative Governance and Its Impact on Member Trust

The implementation of GCG principles in cooperatives is essential not only to enhance management effectiveness but also to strengthen relationships between management and members. Agoes (2012) explains that transparency and accountability in financial reporting allow cooperative members to trust that funds and resources are managed properly and aligned with established objectives. Conversely, failure to implement these principles can lead to member distrust, ultimately disrupting the cooperative's operational continuity.

Research by Anggraeni & Dewi (2022) indicates that cooperatives adhering to good governance practices, including the application of GCG principles, tend to have higher levels of member trust. This, in turn, increases member participation in decision-making and management, ultimately improving the cooperative's overall performance.

In the context of the Employee Cooperative at STIE Mandala, implementing GCG principles is crucial for improving governance effectiveness and addressing issues arising from institutional changes and internal dynamics. Findings by Chalim et al. (2022) highlight that employee cooperatives in higher education institutions often face challenges in transparency and accountability, particularly in financial reporting and asset management. Therefore, stricter implementation of GCG at the Employee Cooperative at STIE Mandala could enhance member trust and support the cooperative's sustainability.

3. RESEARCH METHODOLOGY

This study employs a qualitative approach with subject-based data collected from primary and secondary sources. The research object is the Employee Cooperative at STIE Mandala, and respondents include supervisors, treasurers, and cooperative members. Data collection methods involve observation, interviews, and documentation to gather in-depth information regarding the cooperative's governance. The collected data were analyzed using the Miles & Huberman (1992) model, consisting of three main stages: Data Reduction: Filtering and selecting relevant data. Data Display: Structuring and presenting the data. Conclusion Drawing: Deriving comprehensive conclusions from the analysis.

According to Agoes (2012), the key indicators of GCG include:

- a. Transparency
- b. Accountability
- c. Responsibility
- d. Independence
- e. Fairness

4. RESULTS AND DISCUSSION

The screenshot shows the KEMENKOPUKM website interface. At the top, there is a navigation bar with 'Home', 'About', and 'Contact' links. Below the logo, there are search filters for Province (Jawa Timur), Kabupaten (Kab. Jember), Jenis Koperasi (Semua Jenis Koperasi), Bentuk Koperasi (Semua Bentuk Koperasi), and Name of Cooperative (Koperasi Karyawan STIE Mandala). A search button is labeled 'Cari Koperasi'. Below the filters, it indicates 'Jumlah koperasi ditemukan : 1' and '*** Jumlah maksimum data yang ditampilkan : 1.000'. A table lists the cooperative details:

| Nomor Koperasi | Nomor Badan Hukum | Tanggal Badan Hukum | Alamat | Kecamatan | NIK | Sertifikat |
|-----------------------------------|---------------------------|---------------------|---------------------|-----------|--------------|---------------------|
| 1. Koperasi Karyawan STIE Mandala | 414/BHKDK.13.12/1.3/XX/99 | 24/12/1999 | Jl. Sumatra 118-120 | Sumberson | 3509XXXXXXXX | Belum Bersertifikat |

Below the table, there is a section titled 'DATA NIK' with the following details:

| | |
|----------------------------|---------------------|
| Nomor Induk Koperasi (NIK) | 3509XXXXXXXX |
| Status NIK | Belum Bersertifikat |
| Tanggal Berlaku Sertifikat | |
| Status Grade | D1 |
| KUK | 1 |

Figure 1. Profile of the Employee Cooperative at STIE Mandala on the KemenkopUKM Website

Based on the Regulation of the Minister of Cooperatives and Small and Medium Enterprises of the Republic of Indonesia Number 10 /PER/M.KUKM/VI/2016 on "Pendataan Koperasi, Usaha Kecil Dan Menengah" article 2 (b) , "to create a database that enables integrated cooperative and SME data governance, resulting in quality, complete, accurate, and representative data for the needs of the Ministry and other stakeholders," a website owned by KemenkopUKM (nik.depkop.go.id) displays cooperative data in Indonesia.

Information related to the Employee Cooperative at STIE Mandala on nik.depkop.go.id includes:

- 1) Belum Bersertifikat : Has not submitted the Annual Members Meeting (Rapat Anggota Tahunan /RAT) minutes.
- 2) Status Grade D1 : The cooperative is uncertified and has not reported RAT results at least once per fiscal year over the past three years.
- 3) KUK 1 : Membership is fewer than 5,000, own capital is less than IDR 250,000,000, or total assets are less than IDR 2,500,000,000.

4.1 Findings

- a. Cooperative legality needs strengthening, both externally and internally.
- b. The cooperative lacks formal documents and requires the preparation of guidelines and Standard Operating Procedures (SOPs).
- c. Strategic planning is neither detailed nor comprehensive.
- d. Risk management is absent, especially concerning savings and loan activities or trading ventures.
- e. The information system is unreliable and lacks accountability.
- f. Supervisory functions are suboptimal.

4.2 Recommendations

- a. Immediately address legalities.
- b. Develop and complete formal documents.
- c. Prepare detailed and comprehensive strategic plans.
- d. Conduct risk management analysis related to savings, loans, and trading ventures.
- e. Implement a reliable and accountable information system.
- f. Conduct regular supervision and evaluation with a focus on follow-up actions.

5. CONCLUSION

Based on the analysis of the Employee Cooperative at STIE Mandala, registered on nik.depkop.go.id, and interviews with respondents, several fundamental weaknesses were identified in legalities, formal documentation, strategic planning, risk management, information systems, and oversight. These findings indicate that the cooperative has not met ideal governance standards.

To address these issues, strategic recommendations include strengthening internal and external legalities, drafting and completing formal documents such as guidelines and SOPs, preparing detailed and comprehensive plans, developing risk management systems to support savings, loans, and trading ventures, implementing reliable and accountable information systems, and optimizing oversight functions through regular evaluations and consistent follow-ups. By implementing these recommendations, the Employee Cooperative at STIE Mandala is expected to improve governance quality, achieve certification, and contribute more significantly to member welfare.

6. REFERENCES

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