Review articles

THE CONSTRAINTS AND BARRIERS FOR LOAN DISTRIBUTION BY FINANCING INSTITUTIONS TO COOPERANT MEMBERS

Iskandar Muda a, Erlina b, Normah Haji Omar c, Jamaliah Said d, Azizul Kholis e

a Universitas Sumatera Utara, Faculty Economic and Business, TM Hanafiah Address 12, Medan, Indonesia,
Corresponding Author: iskandarl@usu.ac.id
b Universitas Sumatera Utara, Faculty Economic and Business, TM Hanafiah Address 12, Medan, Indonesia,
erlina@usu.ac.id
c Universiti Teknologi MARA, Accounting Research Institute, Level 12, Menara Sultan Abdul Aziz Shah, Shah Alam, Selangor, Malaysia, normah645@salam.uitm.edu.my
d Universiti Teknologi MARA, Accounting Research Institute, Level 12, Menara Sultan Abdul Aziz Shah, Shah Alam, Selangor, Malaysia, jamaliah533@salam.uitm.edu.my
e Universitas Negeri Medan, Faculty Economics and Business, William Iskandar Ps. V No.104 Address, Percut Sei Tuan, Deli Serdang Regency, Medan, Indonesia, azizul.kholis@unimed.ac.id

Abstract
The purpose of this research is to know and analyze the condition of cooperatives through the capital factor, human resources, managerial aspects, passive members and socialization, public awareness, spoilage, and economic democracy, which strongly influence the barriers and effectiveness of lending cooperatives in Indonesia. The dependent variables are the main constraints of cooperatives in lending, whereas the independent variables are capital, human resources, managerial aspects, passive members and socialization, public awareness, spoilage, and economic democracy. In this research, descriptive analysis and the structural equation modeling test are the data analysis techniques that were used to measure the research instruments. The research samples used in this study consist of 203 cooperative management institutions in North Sumatra, Indonesia. The sampling technique used was the purposive sampling method. This study concludes that managerial factors, passive members and socialization, public awareness, lack of economic democracy, capitalization, and a lack of participation have a significant effect on the barriers and effectiveness of lending cooperatives.

Keywords: Cooperative, Capital Factor, Human Resources, Managerial Aspects, Passive Members and Socialization.

摘要：
本研究的目的是通过资本因素、人力资源、管理方面、被动成员和社会化、公众意识、腐败和经济民主来了解和分析合作社的状况。这对合作社的贷款和效力产生了重大影响。印度尼西亚，因变量是合作社在贷款中的主要制约因素，而自变量则是资本、人力资源、管理方面、被动成员和社会化、公众意识、腐败和经济民主。在本研究中，描述性分析和结构方程模型试验是用于测量研究工具的数据分析技术。本研究中使用的研究样本包括印度尼西亚北苏门答腊的203个合作管理机构。采用的采样技术是有目的的采样方法。本研究的结论是，管理因素、被动成员和社会化、公众意识、缺乏经济民主、资本化和缺乏参与对贷款合作社的障碍和有效性产生了重大影响。

关键词：合作社、资本要素、人力资源、管理方面、被动成员和社会化。
I. INTRODUCTION

A cooperative is a joint venture entity that relies on the principle of people's economy, which, in turn, is based on the principle of kinship. Various advantages possessed by cooperatives such as cost-efficiency as well as increased economies of scale clearly make cooperative a form of business entity that is very prosperous in North Sumatra. However, this phenomenon poses quite a dilemma because, in fact, the cooperative with all its advantages is difficult to develop in North Sumatera [1]. In the past 15 years, the cooperative has been akin to a dead man. The development of cooperatives has decreased performance and organizations have been increasingly difficult to develop. In this context, the cooperative in North Sumatra was stagnant or even declined. The number of cooperatives in North Sumatra until December 2015 amounted to 11,696 units, of which 6,285 cooperatives were active while 5,411 cooperatives were inactive. The ratio of active cooperation until 2015 amounted to 53.74%. The highest ratio of active cooperatives was observed in the district of North Nias at 100% and the lowest ratio in Toba Samosir Regency at 22.76%. The number of village unit cooperatives listed in 2015 was 620 units, a decrease by 35% when compared with the 954 units in 2013 [2].

Based on the World Bank 2017–2018 Report on the Global Financial Development Comparative database of countries in Southeast Asia, Indonesia can be compared with Malaysia, as shown in Table 1 below:

Table 1. Global Financial Comparative between Indonesia and Malaysia

<table>
<thead>
<tr>
<th></th>
<th>Indonesia</th>
<th>Malaysia</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Years</strong></td>
<td><strong>1</strong></td>
<td><strong>2</strong></td>
</tr>
<tr>
<td>2004</td>
<td>5.17</td>
<td></td>
</tr>
<tr>
<td>2005</td>
<td>5.28</td>
<td></td>
</tr>
<tr>
<td>2006</td>
<td>5.72</td>
<td></td>
</tr>
<tr>
<td>2007</td>
<td>5.97</td>
<td></td>
</tr>
<tr>
<td>2008</td>
<td>6.58</td>
<td></td>
</tr>
<tr>
<td>2009</td>
<td>7.65</td>
<td>18.20</td>
</tr>
<tr>
<td>2010</td>
<td>8.12</td>
<td></td>
</tr>
<tr>
<td>2011</td>
<td>8.53</td>
<td>19.58</td>
</tr>
<tr>
<td>2012</td>
<td>9.43</td>
<td></td>
</tr>
<tr>
<td>2013</td>
<td>10.35</td>
<td></td>
</tr>
<tr>
<td>2014</td>
<td>12.93</td>
<td>35.95</td>
</tr>
<tr>
<td>2015</td>
<td>17.76</td>
<td>27.40</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>11.08</td>
<td>10.86</td>
<td>11.20</td>
<td>11.12</td>
<td>10.91</td>
<td>10.76</td>
</tr>
</tbody>
</table>

Indicator 1 in Table 1 is the number of commercial banks per 100,000 adults. Indicator 2 shows the percentage of firms in the formal sector of credit or a loan by a financial institution. Indicator 3 is the percentage of small firms with 5–19 workers in the formal sector with credit from a financial institution. Indicator 4 is the percentage of accounts with a bank, credit union, or another financial institution. This data shows the low access to Indonesia’s financial institutions compared with Malaysia. Indicator 6 is the percentage of respondents who report money from a bank, credit union, or microfinance institution. As for other financial institutions, they are cooperatives over the past 12 months (% age 15+), which shows the low utilization of access to Indonesia’s financial institutions compared with Malaysia.

According to the 1992 Act, cooperative is defined as a business entity consisting of a person or a cooperative legal entity with its activities based on the principles of cooperatives as well as the people's economic movement based on the principle of kinship [3]. In Indonesia, the principle of cooperative has been included in Law no. 12 of 1967 and Law no. 25 of 1992 [4]. The principle of cooperatives in Indonesia is roughly equal to the internationally recognized principle with a slight difference, consisting in the explanation of the Business Profits. It was found in [5] when discussing the factors affecting sustainability of agricultural cooperatives from Malawi, that the participants in the agricultural cooperatives came to the general consensus that in their current state these cooperatives were not sustainable. Although, all the members were satisfied with the idea of having a cooperative, they were skeptical of their survival Studies conducted in [6], [7] and [8] identified the credit risk financing factors determined by Inherent Credit Risk and inefficiency of loan amount and the need to regulate best practice nonperforming loans ratio. The participants highlighted poor governance, the lack of market access and a lack of managerial skills as the main problems affecting their cooperatives.

Crediting strategy is one of the strategic functions of financing institutions including cooperatives and this function also often causes
the decline in income of a bank. In order for the loan disbursed to have good loan quality, in practice it is necessary to separate the functions within the credit organization. It is stated in [9] and [10] that this separation is done so that each function can work well and minimize the occurrence of non-objective assessment with various reasons resulting potentially in the occurrence of irregularities that will eventually cause problematic credit disbursed. Where the ratio of bad loans is higher, the institution will reduce the income due to the large number of debtors who are delinquent in credit payments. Giving credit is indeed a high risk activity. Therefore, in an effort to overcome the high number of bad debts, the analysis and prediction of a loan application will be able to minimize the risks contained in the credit distribution. These are the key issues in the management of the capabilities and capacities of the cooperatives. It is indicated that Malawian agricultural cooperatives to produce a product of production.

It is recommended in [11] to establish an apex organization or secondary level cooperative at district level to address governance, management and market access problems in order to improve the performance of cooperatives. Community sensitization is needed to increase memberships and policy interventions such as the provision of the infrastructure necessary for accessing the market information and supportive regulatory framework would allow competitive market environment.

Some factors involved in the success of poultry growers’ cooperatives were considered in [12]. It was demonstrated that the following factors in a descending order of importance had the greatest effects on cooperative success: technical skills, number of training programs attended, quality of training programs offered, members’ participation in cooperatives’ administrative affairs and managers’ interpersonal human skills.

The government should increase the supply of loans/lines of credit to cooperative farmers and enlightenment campaigns in order to increase the participation of rural farmers [13], [14]. In deciding on a strategy, companies need to consider the combination of both the company’s internal and external environments. Steps must be taken to collect external and internal data. The company’s internal factors include marketing and distribution; research and development; production and operations management; and financial, physical and human resources. The company’s external factors include the general conditions of socio-economic, technological and legal realities and the political and industrial environment. This includes the customer sector, the supplier sector, the competitor sector, and the international environment.

As found in [15], coaching employees through education, training and counseling had no significant effect on the participation of members as owners, controllers and users of the Islamic boarding school’s cooperative products. Cooperative education is a type of coaching and is one of the models developed to promote cooperative performance [16].

Birchall and Richard [17] argue that in order to achieve successful cooperation, members must have sufficient resources to be able to take part effectively. These resources include education. After training on cooperation, members are expected to be motivated to cooperate while practically conducting business. Training is an essential part of a company’s activities [18]. Continuous member training is an activity designed to prepare Islamic boarding school cooperation members to be ready for the new challenges that will soon change the world.

The results obtained in [19] showed that the contribution of Agricultural Production Cooperatives (APCs) to the farmers’ technical and economic status is low, while the APC success is in the medium to low range. In the research that still exists, testing is done with regression methods with cases in cooperatives in developing countries [20]. In their work, authors [21] discussed specific problems that may arise when forming cooperatives in India under free market conditions. Due to the increasing economic liberalization, cooperatives in India are making efforts at all levels to reorient their functions according to the market demands. The authors thus argue that cooperatives have inherent advantages in tackling the problems of poverty, employment generation and food security. Cooperatives are also considered to have immense potential to deliver goods and services in areas where both the state and the private sector have failed. On the other hand, cooperatives face a variety of challenges, including lack of quality management, over-dependence on government, poor infrastructure, dormant membership, lack of strong human resources policy, absence of professionalism and non-conduct of elections.

Empirical evidence also indicates that the business knowledge and experience of small and medium size enterprises (SME) have an impact on the development of cooperative capital. The higher the bad credit (Non-Performing Loan), the lower will have a negative impact on cooperative
capital [22]. Findings reported in [23] indicate that a stable legal environment, a dedicated initiator and leader, government financial and technical support, farmer understanding and participation of cooperative activities and appropriate external support from professional NGOs were the key factors for the successful development of farmer cooperatives in China. Several factors empowering cooperative membership in the country of Tanzania can be done with several variables including management skills, level of education of cooperative officials and access to loans were found to exert positive influence on the utilization of the available opportunities and factors that influence empowerment of cooperative members [24]. As argued in [25] and [26], regular financial audits are necessary to ensure adoption in rural cooperatives. It is worth noting that banks also benefit from such collaboration because less formal financial institutions, like cooperatives, have been shown to improve financial sustainability in Ethiopian and Tanzania.

Thus, it is essential for the cooperative members to be able to take advantage of the benefits inherent in this structure, as well as overcome the associated weaknesses. Ideally, cooperatives should function as business entities, as this provides the greatest protection to the people. There are several advantages of cooperatives in North Sumatra, namely (1) Cooperatives in the form of membership that are open and voluntary; (2) principal savings and deposits must not burden members; (3) each member has the same voting rights, because it is not based on the amount of capital; and (4) cooperatives primarily aim to improve members' welfare rather than seeking profits.

Nonetheless, some weaknesses of cooperatives in North Sumatra must be acknowledged, namely (1) cooperatives are difficult to develop because of limited capital; (2) the cooperative management is not professional; (3) administrators are sometimes dishonest; and (4) there is no cooperation among the management, supervisors and members.

II. RESEARCH METHODS

The data required to address the research questions guiding the present study was obtained via a survey in which representatives of cooperatives in North Sumatra took part. In addition, Focus Group Discussion (FGD) is conducted by involving various stakeholders, who were invited to discuss the emergence and growth of cooperatives in North Sumatra. This study can thus be classified as an associative research, as its aim is to create causal links between two or more variables. The population in this study is a cooperative in the province of North Sumatra, Indonesia, scattered in several District Municipalities, which consists of South Tapanuli District, Central Tapanuli District, Mandailing Natal District, Sibolga District, North Nias District, South Nias District and Gunung Sitoli District involving 203 respondents of the Cooperative board. Purposive Random Sampling was a technique used in the research to study the district and municipal cooperatives’ management, which is sampling to certain criteria. The minimum sample size in this study was 203 respondents. According to the sampling criteria, cooperative management representatives were selected from among and by the members at the member meeting. The operational definitions of the research variables are given in Table 2 below:

Table 2. Variable Operationalization

<table>
<thead>
<tr>
<th>Variable Operationalization</th>
<th>Definition</th>
<th>Indicator</th>
<th>Scale</th>
</tr>
</thead>
<tbody>
<tr>
<td>Human Resources (X1)</td>
<td>Human beings employed in an organization as movers, thinkers and planners to achieve organizational goals</td>
<td>1. Recruiting</td>
<td>Likert</td>
</tr>
<tr>
<td></td>
<td></td>
<td>2. Training</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>3. Services [27], [28], [29] &amp; [30].</td>
<td></td>
</tr>
<tr>
<td>Managerial Aspects (X2)</td>
<td>Aspects related to the implementation of management functions</td>
<td>1. Planning</td>
<td>Likert</td>
</tr>
<tr>
<td></td>
<td></td>
<td>2. Actuating</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>3. Controlling [31], [32], [33] &amp; [34].</td>
<td></td>
</tr>
<tr>
<td>Passive Members and</td>
<td>Members who are only responsible for the capital that has been deposited into the cooperative</td>
<td>1. Meeting</td>
<td>Likert</td>
</tr>
<tr>
<td>Dissemination (X3)</td>
<td></td>
<td>2. Transfer of members</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>3. Contribution [35], [36], [37] &amp; [38].</td>
<td></td>
</tr>
<tr>
<td>Awareness (X4)</td>
<td>Awareness to improve themselves, improve their welfare, or develop themselves independently</td>
<td>1. Initiative</td>
<td>Likert</td>
</tr>
<tr>
<td></td>
<td></td>
<td>2. Government encouragement [39], [40] &amp; [41].</td>
<td></td>
</tr>
<tr>
<td>Spoilage (X5)</td>
<td>Number of unattended</td>
<td>1. The role of government</td>
<td></td>
</tr>
</tbody>
</table>

Note: The data required to address the research questions guiding the present study was obtained via a survey in which representatives of cooperatives in North Sumatra took part. In addition, Focus Group Discussion (FGD) is conducted by involving various stakeholders, who were invited to discuss the emergence and growth of cooperatives in North Sumatra. This study can thus be classified as an associative research, as its aim is to create causal links between two or more variables. The population in this study is a cooperative in the province of North Sumatra, Indonesia, scattered in several District Municipalities, which consists of South Tapanuli District, Central Tapanuli District, Mandailing Natal District, Sibolga District, North Nias District, South Nias District and Gunung Sitoli District involving 203 respondents of the Cooperative board. Purposive Random Sampling was a technique used in the research to study the district and municipal cooperatives’ management, which is sampling to certain criteria. The minimum sample size in this study was 203 respondents. According to the sampling criteria, cooperative management representatives were selected from among and by the members at the member meeting. The operational definitions of the research variables are given in Table 2 below:

Table 2. Variable Operationalization

<table>
<thead>
<tr>
<th>Variable Operationalization</th>
<th>Definition</th>
<th>Indicator</th>
<th>Scale</th>
</tr>
</thead>
<tbody>
<tr>
<td>Human Resources (X1)</td>
<td>Human beings employed in an organization as movers, thinkers and planners to achieve organizational goals</td>
<td>1. Recruiting</td>
<td>Likert</td>
</tr>
<tr>
<td></td>
<td></td>
<td>2. Training</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>3. Services [27], [28], [29] &amp; [30].</td>
<td></td>
</tr>
<tr>
<td>Managerial Aspects (X2)</td>
<td>Aspects related to the implementation of management functions</td>
<td>1. Planning</td>
<td>Likert</td>
</tr>
<tr>
<td></td>
<td></td>
<td>2. Actuating</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>3. Controlling [31], [32], [33] &amp; [34].</td>
<td></td>
</tr>
<tr>
<td>Passive Members and</td>
<td>Members who are only responsible for the capital that has been deposited into the cooperative</td>
<td>1. Meeting</td>
<td>Likert</td>
</tr>
<tr>
<td>Dissemination (X3)</td>
<td></td>
<td>2. Transfer of members</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>3. Contribution [35], [36], [37] &amp; [38].</td>
<td></td>
</tr>
<tr>
<td>Awareness (X4)</td>
<td>Awareness to improve themselves, improve their welfare, or develop themselves independently</td>
<td>1. Initiative</td>
<td>Likert</td>
</tr>
<tr>
<td></td>
<td></td>
<td>2. Government encouragement [39], [40] &amp; [41].</td>
<td></td>
</tr>
<tr>
<td>Spoilage (X5)</td>
<td>Number of unattended</td>
<td>1. The role of government</td>
<td></td>
</tr>
</tbody>
</table>
The overall obstacle to the development of the cooperative

Barriers and effectiveness in lending

The role of socialization holistically

Cooperative Socialization (X3)

Emerging from socialized government support bottom up to top down

Lack of Member Participation (X3)

Not given the discretion in carrying out every action

Economic Democracy (X4)

Strong capital support and in or vice versa too dependent on the capital and the source of the cooperative itself

Capital (X7)

Table 3. Research Respondents

<table>
<thead>
<tr>
<th>South Tapanuli</th>
<th>Central Tapanuli</th>
<th>Mandailing Natal</th>
<th>Sibolga</th>
<th>North Nias</th>
<th>South Nias</th>
<th>Gunung Sitoli</th>
<th>Total</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td>6</td>
<td>18</td>
<td>18</td>
<td>21</td>
<td>9</td>
<td>9</td>
<td>22</td>
<td>103</td>
</tr>
<tr>
<td>Female</td>
<td>30</td>
<td>10</td>
<td>10</td>
<td>6</td>
<td>17</td>
<td>16</td>
<td>13</td>
<td>118</td>
</tr>
<tr>
<td>Total</td>
<td>38</td>
<td>28</td>
<td>28</td>
<td>27</td>
<td>26</td>
<td>25</td>
<td>35</td>
<td>203</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Age</th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>20 - 30 Years</td>
<td>19</td>
<td>5</td>
<td>11</td>
<td>7</td>
<td>22</td>
<td>19</td>
<td>7</td>
<td>102</td>
</tr>
<tr>
<td>31 - 40 Years</td>
<td>5</td>
<td>9</td>
<td>10</td>
<td>9</td>
<td>3</td>
<td>4</td>
<td>9</td>
<td>53</td>
</tr>
<tr>
<td>41 - 50 Years</td>
<td>4</td>
<td>8</td>
<td>3</td>
<td>6</td>
<td>1</td>
<td>1</td>
<td>7</td>
<td>30</td>
</tr>
<tr>
<td>51 - 55 Years</td>
<td>8</td>
<td>6</td>
<td>4</td>
<td>5</td>
<td>0</td>
<td>1</td>
<td>12</td>
<td>36</td>
</tr>
<tr>
<td>Total</td>
<td>36</td>
<td>28</td>
<td>28</td>
<td>27</td>
<td>26</td>
<td>25</td>
<td>35</td>
<td>203</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Level of Education</th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Senior High School</td>
<td>29</td>
<td>26</td>
<td>17</td>
<td>22</td>
<td>22</td>
<td>11</td>
<td>17</td>
<td>160</td>
</tr>
<tr>
<td>Diploma</td>
<td>2</td>
<td>0</td>
<td>1</td>
<td>1</td>
<td>3</td>
<td>4</td>
<td>12</td>
<td>5</td>
</tr>
<tr>
<td>Graduate</td>
<td>5</td>
<td>1</td>
<td>10</td>
<td>4</td>
<td>3</td>
<td>11</td>
<td>13</td>
<td>47</td>
</tr>
<tr>
<td>Master Degree</td>
<td>0</td>
<td>1</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>1</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>Total</td>
<td>36</td>
<td>28</td>
<td>28</td>
<td>27</td>
<td>26</td>
<td>25</td>
<td>35</td>
<td>203</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Experience</th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt; 5 Years</td>
<td>11</td>
<td>18</td>
<td>21</td>
<td>10</td>
<td>23</td>
<td>23</td>
<td>12</td>
<td>134</td>
</tr>
<tr>
<td>5 - 10 Years</td>
<td>10</td>
<td>9</td>
<td>4</td>
<td>13</td>
<td>3</td>
<td>2</td>
<td>11</td>
<td>52</td>
</tr>
<tr>
<td>10 - 20 Years</td>
<td>8</td>
<td>1</td>
<td>3</td>
<td>4</td>
<td>0</td>
<td>0</td>
<td>4</td>
<td>20</td>
</tr>
</tbody>
</table>

Data analysis technique used in this research is a quantitative descriptive method by means of Structural Equation Modelling (SEM), which can be described by the equation:

\[
Y = Y_1 + Y_2 X_1 + Y_3 X_2 + Y_4 X_4 + Y_5 X_5 + \cdots + \xi
\]

\( \varepsilon \) : Error Term

\( X_1 \) : Human Resources
\( X_2 \) : Managerial Aspects
\( X_3 \) : Passive Members and Dissemination
\( X_4 \) : Awareness
\( X_5 \) : Spoilage
\( X_6 \) : Economic Democracy
\( X_7 \) : Capital
\( X_8 \) : Lack of Member Participation
\( X_9 \) : Socialization Cooperative

\( Y \) : Barriers and effectiveness in lending cooperatives

III. RESULTS AND DISCUSSION

Respondent Characteristic

The number of respondents was 203 persons spread across 7 municipal districts.

Table 3 explains the respondents’ characteristics:
Normality Test Results

Based on the normality test results given in Table 4, it can be stated that the values of the critical ratio (c.r) and the kurtosis value of 28.237 indicate that the research variables have multivariate normal distribution. As pointed out, the critical ratio value > 5 indicates that the data is normally distributed.

Multicollinearity

Based on the observation of the correlation matrix given in Table 4 above, the correlation coefficient greater than 0.80 was not found. Therefore, it can be concluded that there is no multicollinearity problem between the measurement variable and latent variables.

Goodness of Fit Test Results

Based on Table 4, the Goodness of Fit test is conducted to find out whether the model obtained is correct in describing the relationship between the variables being studied so that it can be categorized as a good model. Model testing on SEM aims determine the suitability of the model. The results are incorrect.

Probability level = .000
Chi-square = 1942.124
Degree of freedom = 332

Based on the results of model-fit testing overall, it can be concluded that the estimation model is acceptable, meaning that the empirical model obtained is still in accordance with the theoretical model.

Measurement Model

The measurement model between latent variables is shown in Figure 1 as follows:

Regression Weight Test

Data processing using AMOS resulted in a relationship analysis among the variables (see Table 5).
The equations can be formed based on Table 5 as follows:

\[ Y = 18.259X_1 + 0.925X_2 + 0.448X_3 - 3.170X_4 - 1.628X_5 + 1.010X_6 + 0.961X_7 + 1.780X_8 + 3.103X_9 + e \]

Based on Table 5, the Critical Ratio (CR) values are used to calculate the regression weight. The test results presented in Table 5 show that all coefficients are not significantly equal to zero. Hence, the null hypothesis that the regression weight is equal to zero is rejected, and an alternative hypothesis is accepted that each indicator has causality, which means the model is acceptable. The strength of the dimensions that make up the latent factor can be tested using the Critical Ratio (CR) against the regression weight generated by the model. The CR is identical with the \( t_{\text{cou}} \) in the regression analysis. A CR greater than 2.0 indicates that these variables are significantly higher than the dimensions of the factor. Furthermore, the *** sign indicates a probability lower than 5% (0.000). This equation means that the managerial aspects (X₃), passive members and socialization (X₅), public awareness (X₄), less economic democracy (X₆), capital (X₇), and lack of member participation (X₈) variables have a significant effect on the loan disbursement. Other variables, such as human resources (X₁), spoilage (X₉), and socialization of cooperatives (X₈) do not play an important role in the loan disbursement (Y).

Discussion

Based on the fact that the main obstacle to business owners who produce superior food products, aside from packaging and marketing problems, is the difficulty of obtaining working capital with low interest, cooperative capital is a fundamental problem. Constraints faced by cooperatives related to the difficulty of acquiring capital and quality assurance certificates have not been adequately addressed, and obtaining low-cost capital with low interest also continues to be difficult. These latter requirements have not been obtained as an effort to meet domestic and foreign demand. The difficulty of acquiring low-cost capital with low interest is a major obstacle for entrepreneurs who wish to develop their business. One of the weaknesses of cooperatives is capital adequacy. Therefore, it is necessary to make access to capital sources easier or to solve some of the problems of the institutional capital needs of credit providers. In reality, a considerable number of cooperatives need funds from capital sources [60]. On the other hand, if the source of capital has enough funds to be distributed in the cooperative but there is a gap so that the two poles never meet, no transaction occurs. The studies conducted by [61] reveal the constraints that cause these difficulties, which include: absence of a relationship between the source of capital and the cooperative, differences in the habits of the cooperative members that are unfamiliar with temporary bookkeeping versus banking institutions that are already accustomed to bookkeeping, and the inability to compose a business feasibility study report. These constraints make it difficult to meet the administrative requirements of fund proprietors.

Cooperatives that have been long established without any development in either management or financial scale need improvement. This improvement starts from within the cooperative itself, such as implementing changes in internal management conditions. The internal problems of the cooperative, both operational and managerial, should be analyzed in detail. After repairing these issues, the external problems should be addressed. The capital of cooperatives is obtained from funds deposited by its members as joint capital. Capital storage is greatly beneficial to cooperatives with many members. To reduce dependence on the membership system, cooperatives can expand the acquisition of capital through funding, diversification, or business investment.

If a cooperative’s internal components have been improved but have not achieved the maximum results, then the cooperative’s management must launch a promotion in order to increase public interest in a product or service. A cooperative business can run smoothly and even grow if managed properly. Job description of the
authority of each member in the cooperative must be clear and structured. All matters relating to the cooperative must be clearly regulated and adhered to by all members. Financial management problems are very important, because capital is obtained from all members rather than from one individual.

Cooperatives as financial business services need to be socialized to the community so that new members will become interested in joining. If membership increases, the cooperative’s finances will likewise increase and the business will grow. A cooperative business can be developed by finding competent and qualified members. Members who have knowledge and experience about cooperatives will make it easier to take care of the cooperative properly. To avoid fatal management errors, it is better if a cooperative has accounting software that can be used quickly, easily, and efficiently by anyone.

Community members may believe the cooperative’s purpose is only to serve consumers, whether with consumer goods or loans; they do not understand the essence of the cooperative itself, either from the capital system or the ownership system. As an economic actor, cooperatives face internal structural-conditional constraints, such as relatively weak capital structures and access to capital resources that are often hit by collateral problems as a requirement for obtaining credit. Members may not understand that, in cooperatives, consumers are also owners, and as such, they are entitled to contribute suggestions to advance the cooperative and have the right to oversee the board’s performance.

IV. CONCLUSIONS AND RECOMMENDATIONS

Conclusions

1. Factors that act as barriers and hinder effectiveness in Indonesian lending cooperatives include managerial factors, passive members and socialization, public awareness, economic democracy and capital.
2. The variables of human resources, spoilage, and the cooperatives’ socialization do not affect the effectiveness of cooperatives in Indonesia.

Recommendation

1. The local government must formulate a program on how to bring together cooperatives and creditors, especially banking institutions.
2. Through the Department of Cooperatives, the government should facilitate bookkeeping training to the cooperative boards.
3. Through the Department of Cooperatives, the government should facilitate preparation of business feasibility studies or fund proposal submissions to train cooperative members in preparing financial statements and conducting their own business feasibility studies.
4. Through the Department of Cooperatives, the government should facilitate, pioneer, and expand the market share of cooperative products in various ways, such as through exhibitions, business meetings, and internet and global-marketing channels like eBay and online trading sites.

Acknowledgement

This paper is dedicated to the implementation of the Memorandum of Understanding (MoU) between the Universitas Sumatera Utara, Indonesia, and Accounting Research Institute (ARI), Universiti Teknologi MARA, Malaysia.

REFERENCES


参考文:

1. 合作与中小企业。 (2016)。适用于商业领域的合作社和中小企业。
2. 印度尼西亚银行。 (2015)。北苏门答腊省经济发展与区域金融。
3. SUMAWIHARDJA, S. (2013)。发挥中小企业竞争优势, 在全球化时代实现强大, 可持续的市场地位, 科学促进。
4. HANAN, A. (2003)。雅加达合作社和中小企业部的KUKM企业政策系列信用担保和加强。
5. NKHOMA, A.T. (2011)。影响农业合作社可持续发展的因素：来自马拉维的经验教训。
6. SCHLUETER, T., SIEVERS, S., HARTMANN, W.T. (2015)。新西兰梅西大学农业咨询硕士。
7. ISIN, A. (2018)。避税和债务成本：贷款特定风险缓解和公共债务融资的案例。
8. RAUF, A., LEBBE, A., MULAFARA, A.H. (2018)。印度农村发展和管理中心的研究报告。
11. TOWERA, N.A. (2011)。影响农业合作社可持续性的因素：马拉维的经验教训。
12. AMINI, A.M., M. RAMEZANI. (2008)。世界应用科学杂志。5 (1)。81-87页。
13. JIMOH, I., S. (2016)。尼日利亚农业合作社的绩效调查。
信息披露驱动因素：管理视角。
合作组织与管理杂志，4（2），85-96页。[15]
SUIJANTO, A.E. （2012）。
影响印度尼西亚业绩的变量。
教育与学习杂志，19（2）。138-149页。
基于在线学习社区的国际教育合作项目绩效模型研究。
国际教育媒体与技术杂志。1（1）。16-26页。
BIRCHALL, J., RICHARD S. （2004）。
是什么促使成员参与消费者合作社治理？
研究计划与英国合作学院合作，由英国资助。经济和社会研究委员会。
二十一世纪的创造力：培训和合作的额外好处。在设计思维研究中（第239-249页）。施普林格
[18] AHMADPOUR, A., LALEH, S., FEYZALLAH, M. （2013）。
评估农业生产合作社在提高稻米生产者技术和经济地位方面的成功。
国际农业与作物科学杂志。56（1）。18-22页。
咖啡农合作社成员的决定因素和经济影响：来自埃塞俄比亚的最新证据。
农村研究杂志，50，84-94页。
[20] DAS, R. （2018）。
印度小额信贷中的人力资源管理。
多元化和跨文化劳动力的管理技巧（第297-311页）。IGI Global。
加纳银行业中小企业融资不良贷款的决定因素。
影响：国际商业管理研究期刊。2（11），13-26页。
[22] GARNEVSKA, E., GUOZHONG, L., NICOLA, M.S. （2011）。
中国农民专业合作社成功发展的因素。国际食品和农业企业管理评论。14（4）。69-84页。
NYANDA, M.M. （2013）。
影响坦桑尼亚合作社成员赋权的因素：论文。索科伊农业大学农村发展硕士。莫罗戈罗，坦桑尼亚。
通过财务审计在埃塞俄比亚农业合作社建立良好的管理做法。
合作组织与管理杂志，2（2），72-82页。
个人信任扩展了受托人以外的合作：墨西哥的一项研究。
国际心理学杂志。[印刷前的电子版]
电子学习作为工程教育中基于合作问题的学习支持要素。高级科学快报，24（6），4026-4029页。
欧洲金融机构道德风险的微观证据。
全球化对国际金融和会计的影响 (第89-98页)。施普林格。

政府保证小微企业贷款和区域增长。
商业风险投资杂志。33 (1), 70-83页。

尼日利亚小微企业获得的小额贷款规模的性别分析。
发展与农业经济学杂志，10 (1), 15-21页。

英国在多速欧洲崛起中的作用与加强合作。
英国退欧（第187-195页）。施普林格。

通过工作协议改善自适应人机合作。
2018年第27届IEEE国际机器人与人类互动通信研讨会（第1105-1110页）。

通过工作协议改善自适应人机合作。
2018年第27届IEEE国际机器人与人类互动通信研讨会（第1105-1110页）。

地方议会成员对城市间合作的看法：办公室相关的自身利益是否重要？
区域研究，1624-1635页。

村级合作单位在提高农民收入中的贡献。

在IOP会议系列：地球与环境科学，122 (1), 012021页. IOP出版。

罗马尼亚个体农民之间的合作：制约因素和选择。
科技论文系列管理，农业经济工程与农村发展。18 (2), 489-492页。

组内情境中的相对领导成员关系与感知组表现的合作。
企业传播：国际期刊，23 (4), 582-598页。

市政合作：寻求治理能力？
国际行政科学评论，84 (4), 613-618页。

市政合作：寻求治理能力？
国际行政科学评论，84 (4), 613-618页。

国内政治的国际合作：德国和欧洲债务危机。国际组织，72 (1), 1-31页。

警察与社区警务合作的决定因素——肯尼亚为例。
社会科学研究进展，5 (11), 75-89页。

全面合作：零暴力：不同文化背景下大规模多机构培训的挑战。
在伍斯特大学2018年防止暴力中心年会。（未发表）。

多目标石油绿色供应链中供应链的竞争
与合作。清洁生产杂志，170，818-841页。


来自韩国的证据。太平洋盆地金融杂志，33, 62-80页。