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Analysis of the Financial Performance of the Republic of Indonesia Fajar Sinjai Employee Cooperative

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Abstract

Introduction/Main Objectives: This research examines the financial performance of the Fajar Sinjai Republic of Indonesia Employees Cooperative (KPRI) during the 2019–2023 period. This topic is interesting because cooperatives have an important role in the economic empowerment of members, and financial performance assessment is a crucial aspect to ensure the sustainability of their operations. Background Problems: The problem in this research is the condition of KPRI Fajar Sinjai's financial performance in terms of liquidity, solvency and profitability ratios based on the standards of Minister of Home Affairs Regulation No. 47 of 2022. Novelty: This research makes a contribution by applying the latest financial evaluation standards from Permendagri No. 47 of 2022 in the context of cooperatives, which is rarely done comprehensively in previous literature. Research Methods: The method used is descriptive quantitative with a financial ratio analysis approach, including Current Ratio (CR), Debt to Equity Ratio (DER), and Return on Assets (ROA), based on KPRI Fajar Sinjai's financial report data for five years. Findings/Results: The research results show that the liquidity ratio (CR) is in the very good category every year, and solvency (DER) shows a significant improvement trend. However, profitability (ROA) fluctuates and tends to decrease at the end of the period. Conclusion: In general, the cooperative's financial condition is relatively healthy in terms of liquidity and solvency. However, a strategy to increase operational efficiency is needed to maintain and increase profitability in the future. This research can be a basis for managerial considerations in making cooperative strategic decisions.

Keywords: Financial Performance, Current Ratio, Debt to Equity Ratio, Return on Assets, Cooperatives

INTRODUCTION

Financial institutions play a crucial role in a country's economy. When the performance of financial institutions is disrupted, it can trigger an economic crisis in the affected region. In Indonesia, financial institutions consist of both banks and non-bank entities. One example of a non-bank financial institution is a cooperative. According to Article 1 of Law No. 25 of 1992, a cooperative is defined as "a business entity consisting of individuals or cooperative legal entities, with its activities based on cooperative principles, as well as a people's economic movement based on the principle of kinship" (Astawa et al., 2021). Setiawan (2020) explains that cooperatives have a dual role in the economy: meeting the needs of their members and improving their standard of living, with the primary goal of enhancing the welfare of members and society in general.

To support and strengthen the economy, cooperatives must consistently strive to achieve optimal and effective outcomes. Through this approach, cooperatives have the potential to contribute to national economic management, serving as a foundation for the resilience and stability of a country's economy (Tolong et al., 2020). Cooperatives function as institutions that manage business activities and provide services that are highly beneficial and necessary for both members and the community. These business activities include financial services, lending, marketing, or other services. Savings and loan cooperatives, in particular, focus on deposit and lending services. These cooperatives are the embodiment of how members manage their funds, and it is crucial to maintain healthy performance, as performance health is vital for any business institution (Ratika, R., et al., 2024).

According to Azizah et al. (2021), cooperatives are categorized into several types, including consumer, savings and loans, marketing, and service cooperatives. The Fajar Sinjai Indonesian Civil Servants Cooperative is one such cooperative operating in Sinjai Regency, South Sulawesi. Emphasizing mutual cooperation and kinship principles, this cooperative plays a significant role in improving its members' welfare through savings and loan services as well as small and medium enterprise (SME) development. The cooperative also supports the implementation of modernization programs, including the digitalization of services to enhance financial management efficiency and member services. With active participation from the local community, the Fajar Sinjai Civil Servants Cooperative continues to grow as one of the pillars of the people's economy in the region. Although cooperatives have developed over time, there is still a need to improve their quality, especially in terms of financial performance. To evaluate a cooperative's financial performance in achieving its goals, proper measurement standards are required. Annual financial reports play a crucial role in providing an overview of the cooperative's financial condition and achievements. Through reports such as the balance sheet and the statement of remaining operating results, the cooperative's performance can be assessed, including information on asset values, cash flow, liabilities, and whether the cooperative is experiencing profits or losses (Ratika, R., et al., 2024).

According to Kasmir (2019:125), financial performance is the achievement obtained by a company, organization, or cooperative as seen through financial statement analysis. Similarly, Hery (2018:142) states that financial performance represents a financial position measured through financial reports with the aim of evaluating achievements over a specific period. Mulyadi (2016:110) also explains that financial statement analysis is a tool used to evaluate an organization's financial performance, including cooperatives. Financial performance, as measured through the information presented in financial reports, provides an overview of the economic condition achieved during a given period to generate financial benefits efficiently. Financial statements serve as key indicators in evaluating fiscal performance and as vital tools for assessing a company's financial health. These reports encompass the company's financial condition, changes that have occurred, and its overall performance (Azhar & Syahfahlevi, 2021).

Evaluating the financial performance of cooperatives is carried out by analyzing financial statements to determine whether a cooperative has good performance, growth potential, and the ability to continue its operations sustainably. One method used to achieve this goal is by measuring the cooperative's fiscal performance. This assessment is conducted by analyzing the relationships between components of the financial statements to evaluate the level of success or shortcomings in the cooperative's financial performance (Yunianti et al., 2019). The importance of evaluating a cooperative's financial performance is especially felt by cooperative management, as it provides a comprehensive view of past achievements and future potential. This evaluation helps identify strengths, weaknesses, and benefits of the cooperative, thereby providing a solid foundation for management to carry out future financial planning. The cooperative's financial reports are analyzed using a financial ratio approach, which is an essential tool for assessing a company's financial health (Sahrul Ihsan, 2020). Financial statement analysis is carried out by adapting the analysis methods to the conditions of each company or business entity, as not all approaches can be universally applied. Hery (2018:113) explains that financial statement analysis involves a thorough assessment of a company's financial condition using various tools and techniques tailored to its business characteristics.

There are four types of ratio analysis commonly used in evaluating a company's financial performance. First, liquidity ratios, which measure a company's ability to meet its short-term obligations. These include indicators such as the Current Ratio and Quick Ratio. Second, solvency ratios, which assess a company's ability to meet its long-term obligations, using ratios such as the Debt to Asset Ratio (DAR) and Debt to Equity Ratio (DER). Third, activity ratios, which evaluate a company's efficiency in utilizing its assets, for example through the Total Asset Turnover ratio. Finally, profitability ratios, which focus on the company's ability to generate profit during a given period, including ratios such as Net Profit Margin (NPM) and Return on Assets (ROA). These four ratios are crucial in evaluating various aspects of a company's performance, including liquidity, operational efficiency, capital structure, and profitability (Kasmir, 2019:157–163).

Table 1.1
Financial Performance of Fajar Sinjai Indonesian Civil Servants Cooperative (ROA)

Company Name	Year	Net Profit	Total Assets	ROA
Fajar Sinjai Indonesian Civil Servants Cooperative	2019	Rp 138,373,990	Rp 3,430,989,141	0.04
	2020	Rp 186,986,304	Rp 3,450,499,178	0.05

	2021	Rp 137,390,807	Rp 3,441,179,162	0.04
	2022	Rp 156,240,913	Rp 3,474,384,831	0.04
	2023	Rp 103,250,962	Rp 3,380,200,911	0.03

Source: Financial Reports 2019–2023 of Fajar Sinjai Indonesian Civil Servants Cooperative (2024)

The table above reveals a phenomenon of fluctuating financial performance in the Fajar Sinjai Indonesian Civil Servants Cooperative. This instability indicates that the effectiveness of the cooperative's asset management has not been consistent. Overall, this fluctuation suggests that the cooperative faces challenges in maintaining the stability and growth of its financial performance. Therefore, an in-depth analysis is needed to identify the factors influencing this performance, both internally—such as management efficiency—and externally, such as local economic conditions affecting the cooperative's operations.

METODOLOGY

This research is a descriptive quantitative study aimed at describing phenomena using numerical data to explain the characteristics of individuals or groups. The research was conducted at Koperasi Fajar Sinjai over a period of three months, from December 2024 to February 2025. The data used are quantitative secondary data in the form of financial statements from Koperasi Fajar Sinjai for the period 2019 to 2023. The population in this study includes all financial statements of the Koperasi Pegawai Republik Indonesia Fajar Sinjai from 2019 to 2023, while the sample was selected using purposive sampling techniques. The sample consists of balance sheets, income statements, and equity change reports over the five-year period. Data collection was carried out through direct observation, documentation, interviews, and retrieval of financial reports.

The research variable is financial performance, defined as a depiction of the financial condition of a cooperative within a certain period, assessed through aspects such as asset management, revenue, profit, and capital utilization. Financial performance is analyzed using three types of financial ratios: liquidity ratio (the cooperative's ability to meet short-term obligations), solvency ratio (the level of funding from debt), and profitability ratio (the cooperative's ability to generate profits from its assets). Data analysis was conducted using ratio analysis methods by comparing items in the financial statements to evaluate the cooperative's financial performance. The assessment refers to the standards set in Minister of Home Affairs Regulation No. 47 of 2022, which classifies the financial health of cooperatives based on liquidity (Current Ratio), solvency (Debt to Equity Ratio), and profitability (Return on Assets). The calculated ratios are then tabulated by type and year of observation to provide a comprehensive overview of the cooperative's financial condition.

RESULT AND DISCUSSION

4.1 Research Results

The Financial Performance Analysis of the Civil Servants Cooperative (Koperasi Pegawai Republik Indonesia/Fajar Sinjai) is an assessment process regarding the progress achieved in the implementation of financial programs or activities within the cooperative for the 2019–2023 period. The ratios used by the researcher in analyzing the financial performance of the Civil Servants Cooperative Fajar Sinjai include liquidity ratios, solvency ratios, and profitability ratios. The data were calculated from the balance sheet and income statement obtained from the Civil Servants Cooperative Fajar Sinjai. The results of the ratio analysis are as follows:

a. **Liquidity Ratio Calculation**
Current Ratio
This ratio is used to measure the cooperative's ability to meet short-term obligations with its current assets. The current ratio was calculated using the standard formula. The analysis of the Current Ratio (CR) data shows that the cooperative maintained a "Very Good" category in terms of liquidity during the 2019–2023 period. This is based on the CR results and refers to the criteria in Minister of Home Affairs Regulation No. 47 of 2022 concerning the financial health classification of cooperatives. Although there were fluctuations, the CR consistently remained above 200%, which is the benchmark for a "Very Good" classification.

b. **Solvency Ratio Calculation**
Debt to Equity Ratio (DER)
This ratio measures the proportion between total debt and shareholders' equity. A higher ratio indicates that the cooperative relies more on debt than equity to finance its assets. The analysis of the DER shows that the cooperative's capital structure improved significantly in terms of solvency. This assessment uses the Debt to Equity Ratio (DER) based on the financial health standards for cooperatives in Minister of Home Affairs Regulation No. 47 of 2022. Although the DER in 2019 was recorded at 85% (categorized as "Fairly Good"), from 2020 to 2023, the ratio decreased to a range of 40–42% (categorized as "Good") due to increasing equity and controlled debt management.

c. **Profitability Ratio Calculation**
Return on Assets (ROA)
ROA is a ratio that indicates how much contribution the cooperative's assets make in generating net income. The analysis of Return on Assets (ROA) shows fluctuating results with a downward trend throughout 2019–2023, based on the financial health standards for cooperatives in Minister of Home Affairs Regulation No. 47 of 2022. In 2019, ROA was 4% (categorized as "Good"), increased to 5% in 2020 ("Good"), then dropped back to 4% in 2021–2022 (still "Good"), and experienced a significant decline to 3% in 2023 (categorized as "Fairly Good"). This reflects instability in generating net income relative to total assets, especially in 2023.

4.2 Discussion

The financial performance analysis of the Civil Servants Cooperative Fajar Sinjai during the 2019–2023 period shows relatively stable conditions, though with some dynamics that require further attention. Based on the calculation of liquidity, solvency, and profitability ratios, the cooperative possesses several financial strengths, along with certain challenges.

1. **Liquidity Ratio (Current Ratio)**

Based on the Current Ratio (CR) calculation, the Civil Servants Cooperative Fajar Sinjai consistently fell into the "Very Good" category over the five-year period (2019–2023). The CR remained above 300%, indicating the cooperative's strong ability to meet short-term liabilities using its current assets. Although there were slight fluctuations—such as a decrease from 3.91 (391%) in 2019 to 3.36 (336%) in 2023—the cooperative's liquidity remained in a healthy and secure position.

2. **Solvency Ratio (Debt to Equity Ratio)**

The analysis of the Debt to Equity Ratio (DER) shows a significant improvement in the cooperative's capital structure. In 2019, the DER was recorded at 85% ("Fairly Good"), but from 2020 to 2023, the DER consistently declined to a range of 40–42%, classified as "Good." This decline reflects the cooperative's success in managing debt and increasing shareholder equity, indicating healthier financial management.

3. **Profitability Ratio (Return on Assets)**

The ROA calculation shows more fluctuation with a downward trend. In 2019, ROA was 4% (categorized as "Good"), rising to 5% in 2020—the highest performance during the analysis period. However, in 2021 and 2022, ROA returned to 4% ("Good"), and in 2023 it fell significantly to 3% ("Fairly Good"). The decline in net income to IDR 103.25 million in 2023, despite relatively stable total assets, was the main factor contributing to the drop in the cooperative's profitability.

In general, the Civil Servants Cooperative Fajar Sinjai has maintained very good liquidity and solvency conditions. However, the profitability challenge observed in 2023 requires special attention. The cooperative needs to enhance operational efficiency and explore new strategies to increase net income in order to maintain stable and sustainable profitability in the future.

Conclusion

Based on the financial performance analysis of the Civil Servants Cooperative (KPRI) Fajar Sinjai for the 2019–2023 period, the following conclusions can be drawn:

- **Liquidity**: The cooperative maintained a very strong liquidity position, with a Current Ratio ranging from 336% to 391%, consistently categorized as "Very Good."
- **Solvency**: The Debt to Equity Ratio decreased from 85% in 2019 ("Fairly Good") to around 40–42% during 2020–2023 ("Good"), indicating improved debt management and stronger equity.
- **Profitability**: Profitability showed fluctuations and a declining trend. ROA was 4% in 2019, increased to 5% in 2020, then fell back to 4% in 2021–2022, and dropped further to 3% in 2023 due to a decline in net income, despite stable total assets.

Overall, KPRI Fajar Sinjai shows strong financial health in terms of liquidity and solvency. However, the decline in profitability in 2023 highlights the need to improve income generation and operational efficiency.

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