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Analysis of Applying of Sustainability Business for Cooperative Reputation

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The cooperative has been occurring poor performance, low competitiveness, lack of professionalism, unresponsiveness to changes in the business environment, inefficient management of the economy and business sector and the fragile banking system are fundamental weaknesses in cooperatives in Indonesia. The reputation of the Cooperative is a factor that Corporate Governance is one of the factors that can be analyzed as a lack of good relations between various stakeholders. The city of South Tangerang as a relatively new city has about 5 cooperatives that have been maintained by the Dinas Koperasi and have constraints such as reputation and cooperative governance. This research is qualitative research with a case study approach based on predetermined criteria. The results of this study are in the form of an overview of the cooperative management in South Tangerang and its recommendations.

Keywords: Cooperative, Corporate Governance, Reputation

INTRODUCTION

Cooperatives employ at least 100 million people worldwide, and the livelihoods of nearly half the world's population have been estimated as made secure by cooperative enterprises. The world's largest co-operative enterprises have collective revenues of USD 1.6 trillion, which are comparable to the GDP of the world's ninth largest economy - Spain. (ILO 2019)As value-based and principle driven organizations, cooperative enterprises are by nature a sustainable and participatory form of business. They place emphasis on job security and improved working conditions, pay competitive wages, promote additional income through profit-sharing and distribution of dividends, and support community facilities and services such as health clinics and schools. Cooperatives foster democratic knowledge and practices and social inclusion, making them well-placed to support the achievement of sustainable development. Cooperative as a national economy teacher is a cooperative that functions as a pillar that is upright and firmly supporting the national economy along with other pillars, namely BUMN and BUMS. Cooperatives are placed as institutions, as mechanisms / values, and as a value system. In showing its survival, poor corporate performance, low competitiveness, lack of professionalism, unresponsiveness to changes in the business environment, inefficient management of the economy and business sector and a fragile banking system are fundamental weaknesses in companies in Indonesia. Corporate Governance is one factor that caused this. Corporate governance is a set of relationships between management, directors, board of commissioners, shareholders and other stakeholders that regulate and direct the activities of the company (OECD, 2004).With the passage of time, there has been a paradigm shift that companies are not only profit oriented but must also begin to be accountable to the community. According to Elkington in Nugroho (2009), currently the business objectives are not only seeking profit (profit), but also responsible to the community (people) and the earth (planet). These three things are known as the Triple-P Bottom Line concept. The purpose of the concept is that business activities are not only aimed at benefiting the company but also fulfilling the welfare of the community and contributing to maintaining the environment by revealing information on social and environmental responsibility. Information about social and environmental responsibilities can be disclosed through the sustainability report. Hasanah, Yanto, and Handayani (2009) define sustainability report as a practice in measuring and disclosing company activities, as a responsibility to internal or external stakeholders regarding organizational performance in realizing sustainable development goals.

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Cooperatives in growth need to be managed professionally, this is absolute given the size of business competition and the demand for good governance. Good Corporate Governance (GCG), set by the National Committee on Governance (KNKG), namely the concept of TARIF (Transparency, Accountability, Responsibility, Independency, and Fairness) (in anonymous 2015: 5), this concept will be discussed in the application of Good Corporate Governance (GCG) in an organization or company. Briefly, in the opinion and to the extent that my understanding of the concept of TARIF will be described as follows:

1. Transparency, this concept is needed in maintaining the objectivity of an organization or company in running a business by providing clear, accurate, easily accessible and understandable information and can be accounted for by all stakeholders in the organization or company.
2. Accountability, this concept is needed to see how far the performance has been produced by an organization and company. In this case, a performance must be managed appropriately and measurably to see how far the continuity between the planning process, organization, implementation and evaluation is carried out with the objectives of the organization or the company itself.
3. Responsibility, this concept reflects the responsibility of each individual or organization or company in complying with all tasks in the work, rules and government policies relating to the business activities of an organization or company.
4. Independency, this concept can be used as self-actualization for organizations and companies that can stand alone and have competitiveness with their business environment
5. Fairness, this concept is needed to maintain the stability of the company by maintaining fairness and equality for each member, stakeholder and other stakeholders in an organization or company with their respective portions.

Based on the above background, the author intends to conduct research with the title: Application of Good Corporate Governance to Cooperative Reputation (case study of the cooperative in South Tangerang City).

Problem Formulation

The problems in this study are formulated as follows:

1. How is the application of Good Corporate Governance to the Reputation of Cooperatives in the City of South Tangerang?
2. Why is the need for the implementation of Good Corporate Governance as an effort to improve the reputation of Cooperatives in the City of South Tangerang

LITERATURE REVIEW

Stakeholder Theory Stakeholder theory is a theory that explains how company management fulfills or manages stakeholder expectations. Stakeholder theory emphasizes the importance of accountability for organizational accountability far beyond financial or economic performance. This theory states that organizations will choose to voluntarily disclose information about their environmental, social and intellectual performance, exceeding and above their mandatory requests, to meet actual expectations or expected by stakeholders (Deegan, 2004).

Legitimacy Theory.

Legitimacy theory asserts that companies continue to strive to ensure that they operate within the framework and norms that exist in society or the environment in which the company is located, where

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they strive to ensure that their activities (companies) are accepted by outsiders as "Legitimate" (Deegan, 2004). Ghozali and Chariri (2007)

Agency Theory

Agency theory can be used to explain corporate governance in the company. According to Jensen and Meckling (1976), agency theory is a contract between the manager (agent) and the owner (principal). For this relationship to work properly, the owner will delegate decision-making authority to the manager. Agency theory is based on three assumptions, namely assumptions about human nature, organizational assumptions, and information assumptions (Eisenhard, 1989). The assumption of human nature emphasizes that humans are often selfish (self-interest), humans have limited thinking about the perception of the future (bounded rationality), and humans always avoid risk (risk averter).

Signaling Theory

Signaling theory explains signals that are intentionally issued by companies with high profits, in the hope that the market can distinguish between good and bad quality companies. This signal is related to disclosures made by the company in the annual report.

Contingency Theory

The contingency theory approach identifies organizational control under different operating conditions and tries to explain how the organization's operating procedures are controlled. The contingency approach to management accounting is based on the premise that there is no universal accounting system that is always appropriate to be applied to every organization, but this depends on the factors of the conditions or situations that exist within the organization. A contingent approach is interesting to use in this study because it can find out whether good corporate governance will always have the same effect on each condition or not. Steger and Amann (2008) define Good Corporate Governance (GCG) as: "Corporate governance establishes clear structures regarding accountability, responsibility, and transparency, at the head of the company and defines the roles of boards and management". Good Corporate Governance (GCG)), determined by the National Committee on Governance (KNKG), namely the concept of TARIF (Transparency, Accountability, Responsibility, Independency, and Fairness) (in anonymous 2015: 5), this concept will be discussed in the implementation of Good Corporate Governance (GCG). In an organization or company. Briefly, in the opinion and to the extent that my understanding of the concept of TARIF will be described as follows:

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Journal Research Study

Waryanto (2010) conducted a study that showed that results to share ownership has a significant effect on the extent of CSR disclosure, company size factors have a significant effect on CSR disclosure in companies in Indonesia, and leverage has a significant effect on the broad disclosure of CSR on companies in Indonesia.

Vollono (2010) in his research on disclosure of corporate social responsibility measured by corporate social responsibility disclosure index and financial performance variables measured by ROA proved that there is a positive relationship between CSR and corporate financial performance (CFP).

Reddy and Gordon (2010) in the study there were differences in results between the two countries. In companies in Australia, sustainability reports have a significant influence on the company's financial performance. On the other hand, in companies in New Zealand there is no significant influence between sustainability reports on the company's financial performance.

Wibowo and Faradiza (2014) examined the impact of sustainability report disclosure on the financial performance and market performance of the company. The test results show that sustainability report disclosure does not significantly influence the company's financial performance as measured by profitability and liquidity but has a significant negative effect on the company's market performance.

Adhima (2012) which examines the effect of sustainability report disclosure on the profitability of company case studies in manufacturing companies listed on the Indonesia Stock Exchange. In his research found the results that sustainability report disclosure had a positive effect on the profitability of the company.

Mitton (2002) in his study of the effects of corporate governance, size, leverages, country dummies, industry and the crisis period return found that leverages and size had a strong impact on company performance during the crisis period in East Asia (1997 to 1998)

Sayidah (2007) classical assumption testing shows that there are no problems in the research data for the operationalization of the regression model. His research shows that the quality of corporate governance at the 5% significance level does not affect the performance of good companies that are proxy with profit margins, ROA, ROE and ROI. Research with the same results is obtained

H. Darmawanti, et al (2005) in the results of the analysis showed that corporate governance statistically significantly affected return on equity while none of the control variables consisted of asset composition, growth opportunities and firm size affected return on equity. Thus it can be concluded that corporate governance affects the company's operating performance.

METHODOLOGY

This research is qualitative research with a case study approach where data collected in the form of words, sentences, recording documents and archives have gemlike meanings that are more than just numbers or frequencies. Case studies are a series of scientific activities carried out intensively, in detail and in depth about a program, event, and activity, both at the level of individuals, a group of people, institutions, or organizations to gain in-depth knowledge of these events. According to Endraswara (2012: 78), the cases studied in more than one case are referred to as collective case studies (collective case studies). Although the cases studied were more than one (multi-case) which was a development of the case study method.

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Research strategy

Although in qualitative research it was found that there is a form of Embedded Research, namely qualitative research that has determined the focus of research in the form of the main variables that will be studied based on the purpose and interest of his research before the field researcher studies. In the proposal the researcher has determined beforehand the focus of the particular variable. However, in this case the researcher still does not release the focus variable (choice) from its holistic nature so that the parts studied are still cultivated in positions that are interrelated with parts of the overall context in order to find complete meaning. (HB. Sutopo, 2002: 41-42). In this case this study will focus on the reputation of cooperatives by using case studies

Data collection

This research is targeted to 5 cooperatives in South Tangerang city. In each cooperative has interview to Chairman and Secretary

The methods used were interviews, observations and documentary analyses (Neuman, 2011). Interviews were recorded and used a semi-structured approach to render them thematic yet flexible in order to obtain detailed and full information. Answers from the respondents were developed during the Sessions.

Observations used the non-participant observation method, where the researchers acted As pure observers and were not involved as actors. Documentary analyses were conducted to analyze the company's internal documents to obtain written, formal "rules of the game" of the company. Summaries of the interviews, observations, and documentary analyses are provided in:

Table 1. Interview Method

Organization	Subject position	Duration hours
Cooperative A	Chairman	2
	Secretary	2
Cooperative B	Chairman	1
	Secretary	1
Cooperative C	Vice chairman	2
	Treasury	2
Cooperative D	Chairman	1
	secretary	1
Cooperative E	Chairman	1
	Treasury	1

Discussion

Good Governance (Transparency) to cooperative reputation

H1; Good Governance (Transparency) has a positive effect to Cooperative Reputation

Good Governance (Accountability) to Cooperative Reputation

H2 Good Governance (Accountability) has positive effect to Cooperative Reputation

Good Governance (Responsibility) to Cooperative Reputation

H3: Good Governance (Responsibility) has positive effect to Cooperative Reputation

Good Governance (independency) to Cooperative Reputation

H4: Good Governance (Independency) has positive effect to Cooperative Reputation

Good Governance (Fairness) to Cooperative Reputation

H5: Good Governance (Fairness) has positive effect to Cooperative Reputation

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In developing a good model of cooperative management, it is observed that cooperatives also follow the principles of company management in general, only that cooperative management is not enough (only) merely following the principles of good corporate governance (good corporate governance), but must also develop models governance that is able to adopt the specificity of that in the Cooperative governance model. The specificity of Cooperatives truly gives color that Cooperative governance is different from the governance of other forms of business. The principle of cooperatives is actually a distinguishing indicator of cooperatives with other forms of business. The principles of the Cooperative include:

1. Cooperative membership is open and voluntary,

2. Cooperative Management (conducted by Cooperative organs: Member Meetings, management and supervisors) in a democratic manner,

3. The principle of distributing surplus from operating results is determined based on cooperative development services,

4. Independence of the Cooperative is indicated by the Cooperative is an autonomous and independent business entity,

5. The Cooperative serves members prima and strengthens the Cooperative movement, by collaborating through a network of activities at the local, national and international levels,
6. Cooperative Education, and

7. The cooperative works for sustainable development for the environment and its people.

Starting from the principles of company management and the special characteristics of cooperatives that are reflected in the principles and principles of the Cooperative, a Cooperative governance model can be made. Cooperative Governance is a framework in the form of roles, rules and relationship patterns of Cooperative organs and their derivatives in directing and controlling the business, to realize the goals and objectives of the Cooperative. Cooperative governance has the foundation of Pancasila with its mutual cooperation values. While the constitutional basis is the 1945 Constitution, particularly Article 33 paragraph (1) which puts economic principles compiled as a joint effort based on family principles. On the basis of ideal and constitutional basis, the Cooperative principles or principles are arranged, which are actually meta-juridical in nature.

Cooperative principles and principles will overshadow regulations (positive law) as a method or norm as the basis for Cooperative legality, vision and mission as well as Cooperative goals, guidelines for good cooperative governance, and best practices for cooperative management. Good cooperative governance has 5 (five) pumps commonly abbreviated as TARIF, namely transparency (accountability), accountability (responsibility), responsibility (independence), independence and fairness (fairness). Good Corporate Governance and Good Cooperative Governance actually stands on the same principle, namely TARIF. It's just that the implementation will be different because the Cooperative must be adapted to the Cooperative principle. Lekvall argues that "A corporate governance model is how this framework is set up for a certain type of company, e.g. a listed company, or a geographical region. The Good Cooperative Governance Code is actually a code of ethics that has 3 (three) regulations, namely:

1. Statutory regulations in the form of cooperative law and other mandatory rules issued by the government or official authorities.
2. Self-regulation is defined and enforced by the cooperative sector itself.
3. Informal norms and practices that influence how cooperative governance is carried out in practice. (Lekvall, 2014).
4. Thus, the framework (good) of cooperative governance is beyond the laws (beyond the laws and regulations), because the management of cooperatives is not enough merely to meet the laws and regulations, but also must meet the principles of good business management, as the results of the crystallization of business practices, meeting business ethics, and explaining the principles and principles of the Cooperative.

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The building of good cooperative management is part of cooperative culture which has an orientation on the realization of the welfare of the members. Cooperative culture is imbued with Pancasila and Article 33 of the 1945 Constitution of the Republic of Indonesia as a philosophical and constitutional foundation. The derivation of Cooperatives as a family-based economy will emerge in the regulations in the next layer, such as: General Guidelines for Good Corporate Governance, positive law, in this case the Cooperative Law, Vision, Mission and objectives of cooperatives, cooperative best practices.

The more actual layer is the pouring of good cooperative governance which is reflected in the roles, rules and relations of cooperatives in the job description, articles of association, and standard operating procedures of cooperatives that must be implemented within the scope of cooperative activities. Job description, SOP, and Cooperative AD are detailed work guidelines for all Cooperative organs and their derivatives.

The concept of Cooperative organ derivatives includes parts of the Cooperative organization.

Figure 1. Concept 5 Pillars of Good Cooperative Governance

CONCLUSION

Good cooperative governance leads to ethics and rules that must be carried out by cooperatives. The pouring of good cooperative governance is reflected in the role-rules and relations of cooperatives in the job description, articles of association, and standard operating procedures of cooperatives that must be implemented within the scope of cooperative activities.

Cooperatives can develop themselves well in order to realize the goals and objectives that have been set will be better if it adopts a model of good cooperative management based on: (a) Idial, constitutional, and operational foundation; (b) Fulfill juridical demands by fulfilling all lawsuits (normative) as a minimum standard for Cooperative management; (c) Complementing Cooperative management guidelines with good cooperative governance guidelines, vision-mission, Cooperative targets / targets, and adopting best practices; (d) Managing Cooperatives with the principle of beyond the law that is the management of cooperatives is not limited to meeting legal demands but more than that by including good indicators in cooperative management; (e) Balancing roles, rules and relations between organs and parts / units in the Cooperative.

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