

Moderation Test of Number of Cooperative Member on Relation Between Business volume, Owned Capital And Rentability Ratio

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Abstract: *This research aimed to test and prove the moderation effect of cooperative members number on the business volume influence, owned capital with rentability ratio. This research took 50 samples of women cooperatives in districts of Sidoarjo, Mojokerto, Blitar, Malang and city of Malang by using purposive sampling method. Inferential statistical analysis of this research used the method of Moderated Regression Analysis (MRA) with residual test. The results showed that: 1) Business Volume had influence on rentability of owned capital, 2) owned capital had influence on rentability ratios. 3). The members number is not a variable that moderates the influence of business volume and owned capital toward owned capital earning ratios.*

Key Words: *business volume, owned capital, cooperative member and rentability ratios.*

Date of Submission: 24-11-2017

Date of acceptance: 11-12-2017

I. Background of The Research

The existence of women cooperatives in Indonesia is quite significant even though not many women cooperatives are great, but women cooperatives are able to associate Government in addressing national issues such as, reducing unemployment, improving health, improving education and addressing gender issues. Based on the results of the assessment carried out in 2011 on the women Cooperatives (Kopwan) founded in the year 2009 it was known that the main problem faced by women cooperatives was the managerial ability to manage finances especially rentability of owned capital (Siswoyo, 2011). Earning ratios of an entity shows a comparison between the profits and assets or capital which generates a profit (Riyanto, 2001). The ratio of earning ratios of owned capital is more informative than the reported earnings because it indicates the level of efficiency (the productivity at once) of an entity. The higher the level of earning ratios an entity the higher the level of efficiency of the capital use. The business volume of cooperative run will greatly affect on earnings, because the business managed by cooperative is one of the activities to meet the needs of the Member economies which is expected to be a source of profit for the cooperative. The business volume of cooperative can only be fulfilled if it is provided the sufficient capital in the cooperative, both derived from members' savings and foreign capital (loans). The more increasing the business of the cooperative it will be more certainly lead to business volume. Windarti (2010) states that owned capital and loan capital affect SHU, while the members number does not affect SHU. Similarly, the research conducted by Pariyasa (2014) which states that the capital and the business volume positively affect the SHU, while the members number has no effect on SHU. Agustrisna (2011), states that variable of owned capital and loan capital have no effect on SHU, but variable of business volume significantly influences SHU. Similarly, with the research conducted by Hasti (2009), she states that variable of owned capital and variable of foreign capital have no effect on SHU, while variable of members number significantly influences the SHU. Based on the above reasons and in relation to the implementation as mentioned above, it is absolutely required a valid and accurate information to be able to describe how the financial management has been undertaken by women cooperatives. The availability of this research result is also expected to be the basis to determine or make policy regarding the concept of coaching to address various financial management-oriented issues of women cooperatives (Kopwan).

II. Research Method

This research was classified as associative causality with quantitative approach, namely measuring between two or more variables by formulating the problem, creating a model, getting the data, looking for a solution, testing the solution and analyzing the results (Arikunto, 2002). The population of the research was the women cooperatives in districts of Sidoarjo, Mojokerto, Blitar, Malang and city of Malang. The selection of the samples was done using a purposive sampling method with 50 women cooperatives as samples of the research. Regression testing in this research involves moderating variables. A moderating variable can be identified when the independent variable affects the dependent variable (Baron & Kenny, 1986). Moderating effect can be expressed in an interaction between independent variable and moderating variable (Baron & Kenny, 1986).

III. Result And Discussion

3.1 Descriptive Test

The results of the data analysis recap of business volume, owned capital, members number and rentability of owned capital are outlined in table 1 below.

Table 1. Recap of research variable data

No	Variable	Business Volume	Owned capital	Members Number	rentability of owned capital
1	Low	28.0%	32.0%	56.0%	30.0%
2	Medium	40.0%	40.0%	36.0%	60.0%
3	High	16.0%	20.0%	6.0%	8.0%
4	VeryHigh	16.0%	8.0%	2.0%	2.0%

Based on the above data, it can be explained that the majority (40%) of women cooperatives had the business volume in medium category. Nevertheless there were still women cooperatives which had the business volume in low category. Likewise the owned capital variable majority (40%) or as many as 20 women cooperatives had owned capital with medium category and there were 10 *Kopwan* with high category. As many as 30 or (60%) of women cooperatives had the rentability of owned capital on a vulnerable value 0.2% up to 0.37% (medium category). While there were 4 *kopwan* with the earning ratios (rentability) of owned capital categorized into high category. On the members variable number, there were 28 women's cooperatives had members under 121 (low category). While 3 *kopwan* were categorized into high or had members under 285.

IV. Regression Analysis

Results of regression analysis test on effect of business volume, owned capital with earning ratios of owned capital on the table below.

Table 2 Coefficient effect of business volume, owned capital with rentability of owned capital.

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	.186	.030		6.208	.000
Business Volume	2.363E	.000	.478	2.660	.011
Owned capital	1.965E	.000	.113	.626	.034

a. Dependent Variable: rentability of owned capital

Based on table 2 above it is identified that the coefficient value of direct influence of business volume on rentability of owned capital was 0.478 or smaller of α (0.05), the data describes that there was a significant positive influence between the business volume and rentability of owned capital. Meanwhile the second, the coefficient value of direct influence of owned capital on the rentability of owned capital was 0.113 or greater of α (0.05), the data describes that there was a significant positive influence between owned capital and rentability of owned capital.

4.1 Moderation Regression Analysis

It will be presented the results of a regression test of the relationship between business volume, owned capital toward the earning ratios (rentability) of owned capital which were moderated by members number of the cooperative as the moderator variable

Table 2 Moderation test *Coefficients* of members number on the effect of business volume, owned capital with earning ratios (rentability) of owned capital.

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
(Constant)		.162	.075		2.170	.035
1	Business Volume Moderation	-7.898	.000	-.339	-.562	.577
2	Owned capital Moderation	-6.648	.000	-.080	-.139	.890

Based on the above table, it is identified that *Coefficients* value of member number moderated the effect of business volume on the variable of rentability of owned capital variable was 0.577 or higher than α (0.05). This result described that member number was not the variable which moderated the effect of business volume on rentability of owned capital. *Coefficients* value of member number moderated the effect of owned capital on rentability of owned capital was 0.890 or higher than α (0.05). This result gave a conclusion that member number was not the variable which moderated the effect of owned capital on rentability of owned capital.

V. Discussion

5.1 The Effect of Business Volume on the Rentability of Owned Capital of Cooperative

Based on the results of the regression test on the previous section it explained that there was a significant positive influence between the business volume toward the rentability of owned capital. Based on the results of the above research one of ways that could be done by cooperatives organizers in increasing rentability of owned capital of the cooperative is to increase the business volume of cooperatives. It is due to the majority of cooperative business is to save and loan, so the increase of the business volume by cooperative can be done by improving the members account receivable, increasing the members value of loans or deposits to the cooperatives and increasing the members number of the cooperative. The rising members number of the cooperatives will be useful in increasing the capital from their principal deposits and mandatory deposit. The high business volume value also indicated the members' confidence which is getting higher to the cooperative. The confidence level encourages the administrators of the cooperative to improve their performance implying the business volume value which increasingly rises and implying on the increased rentability of owned capital.

The Effect of owned capital on the rentability of owned capital of the cooperative Basically a capital is the nominal which must always be available to support the business activities of the company or business entity. As well as the cooperative, in running the business, the cooperative requires capital either from owned capital or loan capital. Based on the results of the regression test it was noted that there was a significant positive influence between owned capital toward the rentability of owned capital. The owned capital is basically a capital that comes from the owner of the company and embedded in the company for not necessarily ever. The fund owned by the cooperatives is used in various fields of its business such as save and loan unit and consumer goods provider. With the whole businesses the cooperative members are expected to make use of such facilities as effectively as possible by becoming the customers, so that with the growing number of transactions made in the cooperative it finally affects the amount of profits earned by the cooperative.

5.2 The members number moderates the effect of business volume and owned capital toward the rentability of owned capital.

Cooperative performance is generally divided into two namely financial performance and non financial performance. Financial performance is measured from the financial indicators which are arranged in the financial reports of the cooperative. In addition, the performance of cooperatives is also seen from the non-financial performance, among others, the members number and the Office units number. The members number is one of the factors that leads to increased profits, but an increase of members number does not always lead to increased profits. The increase of the members number can increase profits if the new members have an active role in the cooperative, it means the new members can access all the programs which have been set by the cooperative, such as frequently saving so that it can add the capital of the cooperative, actively borrowing or shopping in the cooperative, and orderly paying for it. Thus when the members do not participate in cooperative efforts, the cooperative will be difficult to develop itself. Many or few the members of the cooperative will have no effect on the rentability of owned capital if they do not participate in the activities of the cooperative business. The low participation of members is very possible caused by the services to the members are still low. So that the lines of the cooperative management should improve their service to the members with the purpose of increasing the members' participation so that they have contribution to rentability of owned capital of the cooperative.

VI. Conclusion

6.1 Based on the purpose of the research and the discussion in the previous section, the conclusion is outlined as follows.

There was a significant positive effect between the business volume toward the rentability of owned capital. Based on the results of the above research, one of ways that could be made by cooperatives organizers in increasing rentability of owned capital of the cooperative is to increase the business volume of the cooperatives. There was a significant positive effect between owned capital toward the rentability of owned capital. Based on the results of the above research, one of ways that could be made by cooperatives organizers in increasing owned capital of the cooperative is by increasing owned capital learning ratios. The members number who moderated the effect of the business volume toward the private earning ratios. This result tells us that the members number was not the variable that moderated the effect of business volume toward the rentability of owned capital. Based on the results above, the members number was not the variable that strengthened the relationship between the business volume toward the rentability of owned capital. The members number was not the variable which moderated the effect between the owned capital toward the rentability of owned capital. This result gives the conclusion that the members number was not the variable which moderated the effect between owned capital toward owned capital learning ratios. Based on the results above, the members number was not the variable that strengthened the relationship between the owned capital toward the rentability of owned capital.

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