

Certificate of Appreciation

Eni Wuryani

PRESENTER

In the International Annual Symposium on Management

INDUSTRIAL REVOLUTION 4.0

OPPORTUNITIES AND CHALLENGES IN THE DIGITAL BUSINESS

VUNG TAU CITY, VIETNAM 19th-21st FEBRUARY 2020



Dr. Deddy Marciano
Chair of Management Department
Faculty of Business and Economics
University of Surabaya



Prof. Dr. NGUYEN LOC
President of Bo Ria
Vung Tau University



Adl Tedjakusuma, S.Bus M.Com.
Chair of Committee
the 17th International Annual
Symposium on Management



Cooperative Management Through Standard Operational Management and Standard Operating Procedures to Improve the Performance

E. Wuryani & H. Harti

University of Surabaya State, Surabaya, Indonesia

ABSTRACT: The purpose of this study is to determine the management of cooperative through SOM and SOP in improving performance. The research method used a qualitative approach, with data collection based on primary data through interviews and secondary data in the form of organizational structure, financial reports, and forms related to SOM and SOP. The object of research was the Sarinah Cooperative. The scope of Cooperative Standard Operational Management (SOM) covers (1) Cooperative Institutional SOM, (2) Cooperative Business SOM, and (3) Cooperative Financial SOM. The SOP aims to provide guidelines for cooperative managers in carrying out operational activities for savings and loan businesses in a professional, transparent, and accountable manner both for internal and external parties of the cooperative. Sarinah Cooperative has implemented SOM and SOP in its operations. The cooperative's performance report is reported at the Annual Member Meeting, as a form of accountability.

Keywords: Cooperative, SOM, SOP, Performance, Savings, Loans

1 INTRODUCTION

Proponents of strategic performance measurement support two general approaches in developing Standard Performance Measures (SPM) systems. The most straightforward approach requires companies to measure and use a diverse set of financial and non-financial actions. Proponents of this "measurement of diversity" approach argue that a broad set of actions prevents managers from optimizing by ignoring relevant performance dimensions or increasing one measure at the expense of another. As a result, these advocates claim that companies achieve higher performance when they place more emphasis on a broad set of financial and non-financial performance measures (Lingle & Schiemann 1996). The second approach is based on contingency theory, which argues that strategic performance measures must be aligned with corporate strategy and/or value drivers (Fisher 1995b; Langfield-Smith 1997).

Performance is theoretically improved when the "measurement gap" between a company's strategic priorities and measurement practices is minimized. Performance is expected to be lower when the SPM system places little or more emphasis on measurement practices rather than the level required by the company's strategy and value drivers. Closely related to a contingency perspective is the use of measurement techniques such as the balanced scorecard

process, causal business modeling, and other economic measurements. Proponents argue that this technique helps companies improve alignment between their performance measurement systems closer to their organizational goals (Kaplan & Norton 1992, 1996, 2001; Gates 1999; Stewart 1991; Young & O'Byrne 2001).

The implementation of a performance measurement system is more closely related to specific strategies and drivers of corporate value. Contingency theory has long held that control systems must be aligned with organizational characteristics such as corporate strategy (Fisher 1995b). Likewise, economic theory holds that the optimal design of information systems and corporate rewards is a function of the company's business strategy (Milgrom & Roberts 1992; Brickley et al. 1997). More recently, proponents of the SPM approach have extended these theories to arguing that a critical element in managing the relationship between strategy and performance is to identify and measure specific factors, or 'drivers of values,' which lead to strategic success or corporate value (Ittner & Larcker 2001). By linking strategies with underlying value drivers, and binding information systems, goals and objectives, resource allocation, and performance evaluation for these drivers, the SPM system is expected to improve communication of specific actions taken needed to achieve the chosen strategy, motivate per-

formance against strategic value-driving goals, and provide quicker feedback on whether the strategy is achieving its objectives. In addition, the SPM literature increasingly believes that value booster analysis should not only affect the design and use of measurements but also affect the external disclosure requirements (Black et al. 1998; Gates 1999).

The use of the SPM system is consistent with calls within the financial accounting community for greater disclosure of information about key value drivers (American Institute of Public Accountants 1994, Financial Accounting Standards Board 2001). Academic research on contingency approaches for measuring strategic performance falls into three categories. Initial studies focused on the effect of perception of environmental uncertainty (PEU) on management accounting systems. According to the PEU, it deals with the extent to which the competitive environment of the organization is very dynamic and unpredictable, factors that tend to be highly correlated with the extent to which the company's strategy is focused on innovation and growth (Dent 1990; Langfield-Smith 1997). Larcker (1981) and Gordon & Narayanan (1984), for example, examine the relationship between PEU and the three attributes of a performance measurement system: focus (internal vs. external measurement), quantification (financial vs. non-financial measures), and time horizons (Historical oriented future-oriented), with mixed results. Larcker (1981) study of strategic capital budgeting decisions found no relationship between environmental characteristics and variations in perception of the importance of these measurement attributes. In contrast, Gordon & Narayanan (1984) found a significant positive relationship between PEU and perceived importance of external and non-financial oriented information.

2 RESEARCH METHODS

The type of data used were primary data and secondary data. Retrieval of primary data through interviews with cooperative management. Secondary data obtained from cooperatives in the form of organizational structure, financial statements, forms that have been owned in the application of SOM and SOP. The object of research was the Sarinah cooperative.

The descriptive data analysis technique is a way of examining the status of a group of people, an object, a condition, a system of thought, or even a present event. This type of qualitative research method seeks to explain social phenomena at any given

moment. Qualitative research methods can be divided into several types, namely based on the criteria for differentiation, among other end functions and approaches.

2.1 Data Processing

Data that have been collected in the data collection stage were then need to be reprocessed. The data processing has the purpose of simplifying the data so that all data that have been collected and presented are well organized, neat, and easily analyzed.

The stages in data processing

- a. Editing is the activity of checking the entire list of questions returned by respondents.
- b. Coding was conducted by using a symbol or sign in the form of numbers to the answers of respondents received.
- c. Tabulation (tabulating) is an activity to compile and calculate data from the results of the coding that will then be presented in tabular form.

2.2 Data Analyzing

If the data processing has been completed, then the next process is data analysis. The purpose of data analysis is to simplify and also facilitate data to be interpreted. After the data has been collected, it is classified into two groups, namely quantitative data in the form of numbers and qualitative data, which are more expressed in the form of words or symbols.

2.3 Interpretation of Analysis Results

Then when the data have been analyzed, the activity that must be carried out is to interpret the results of the data analysis. The purpose of interpreting this analysis is to conclude qualitative research that has been conducted.

This conclusion is drawn by comparing the hypotheses that have been formulated with the results of data analysis that has been obtained. Finally, researchers can conclude whether to accept or reject hypotheses that have been formulated.

3 RESULTS AND DISCUSSIONS

Sarinah Cooperative has 377 people that consist of 50 males and 327 females who live in Kedungsari village, East Java.

The number of members in the past 2 years is as follows:

Table 1. Member Sarinah

No.	Description	2017 M/F	2018 M/F
1.	Full Member	49/337	51/332
2.	New Members	4/11	3/13
3.	Members Exit	2/16	4/18
	Total	51/332	50/327
	Grand Total	383	377

3.1 Maintenance and supervisory

Table 2. Committee name

No.	Name Committee	Position
1.	Mrs. Hj. Arien Suryati	Chairman
2.	Mrs. Chotimah	Secretary
3.	Mrs. Sri Daryanti	Treasurer

3.2 Administration and management

Administration includes organizational administration and business administration.

- The administration of the organization concerning the principal books has been carried out according to instructions. Letters received as many as 12 pieces. Letters issued as many as 5 pieces
- Business administration is carried out, leading to a cooperative accounting system.

Table 3. Financial position report

Description	Amount, Year 2018	Amount, Year 2017
Asset		
Cash	30,091,650	3,646,750
Loans Provide	410,908,600	375,321,200
Loan Allowance	-20,549,790	-18,762,060
Inventory	11,937,000	11,937,000
Accumulated inventory depreciation	-752,066	-752,066
Amount Asset	431,635,394	371,390,824
The Obligation		
Time Deposits	-	-
Prepaid Income	3,300,000	6,600,000
Accrued Expenses	23,893,202	23,893,202
Capital		
Paid –Up Capital	15,000,000	15,000,000
Reserve Risk	45,838,468	35,400,469
Additional non-permanent Capital	303,384,484	249,552,407
Remaining Operating Result	40,219,240	40,944,746
Amount	431,635,394	371,390,824

Table 4. Report on remaining results of business

Description	Nominal
Income	
Provision Revenue	162,774,800
Interest Income	-
Bank Interest Income	27,112,670
Contract Revenue	3,300,000
Other Expenses	-
Total Income	193,187,470
Administrative Expenses	
Administrative Expenses	-5,200
Operating Expenses	-4,558,300
Allowance for Receivables	-1,787,930
Employee Salary Expenses and Consumption	-48,217,000
Management Load	-50,400,000
Total Operating Expenses	-104,968,430
Management And Employee Load	-10,000,000
Management meeting Load	-3,000,000
RAT Load	-35,000,000
Total Load	152,968,430
Remaining Results of Business	40,219,040

4 CONCLUSIONS

Sarinah Cooperative, in addition to running a savings and loan business, also has a shop business. The SOM and SOP of the Sarinah Cooperative are already going well. Business management and financial management are well managed. The Sarinah Cooperative is a primary cooperative whose members are individuals or personal.

REFERENCES

- American Institute of Certified Public Accountants. 1994. *Improving Business Reporting --A Customer Focus*. New York: American Institute of Certified Public Accountants, Inc., New York, NY.
- Black, A., Wright, J., Bachman, J., Makall, M. & Wright, P. 1998. *In Search of Shareholder Value: Managing the Drivers of Performance*. Pitman Publishing, London.
- Brickley, J., Smith, C. & Zimmerman, J. 1997. *Managerial Economics and Organizational Architecture*. Richard D. Irwin, Burr Ridge, IL.
- Dent, J. 1990. Strategy, organization and control: some possibilities for accounting research. *Accounting, Organizations and Society* 15: 3-25.
- Financial Reporting Standards Board. 2001. *Improving Business Reporting: Insights into Enhancing Voluntary Disclosures*.

- Fisher, J. 1995b. Contingency-based research on management control systems: categorization by level of complexity. *Journal of Accounting Literature* , 24-53.
- Gates, S. 1999. *Aligning Strategic Performance Measures and Results*. The Conference Board, New York, NY.
- Gordon, L. & Narayanan, V. 1983. Management accounting systems, perceived environmental uncertainty and organizational structure: an empirical investigation. *Accounting, Organizations and Society* :33-47.
- Institute of Management Accountants. 1999. *Counting more, counting less. Transformations in the management accounting profession*. IMA Publications, Montvale, N.J.
- Ittner, C. & Larcker, D. 2001. Assessing empirical research in managerial accounting: a value-based management perspective. *Journal of Accounting and Economics* :349-410.
- Kaplan, R & Norton. D. 1992. The balanced scorecard: measures that drive performance. *Harvard Business Review* : 71-80.
- Kaplan, R. & Norton. D. 1996. *The Balanced Scorecard: Translating Strategy into Action*. Harvard Business School Press, Boston, MA.
- Kaplan, R. & Norton. D. 2001. *The Strategy Focused Organization: How Balanced Scorecard Companies Thrive in the New Business Environment*. Harvard Business School Press, Boston, MA.
- Langfield-Smith, K. 1997. Management control systems and strategy: a critical review. *Accounting, Organizations and Society* :207-232.
- Larcker, D. 1981. The perceived importance of selected information characteristics for strategic capital budgeting decisions. *The Accounting Review*: 519-535.
- Lingle, J., Schiemann, W., 1996. From balanced scorecard to strategic gauges: is measurement worth it?. *Management Review* 85: 56-61.
- Milgram, P. & Roberts, J. 1992. *Economics, Organization & Management*. Prentice Hall, Englewood Cliffs, NJ.