

Analysis of the Health Assessment Level of Cooperatives in View of NPL and Investment Levels in the MSME Sector during the Covid-19 Pandemic (Case Study of the Berkah Savings and Loans Cooperative in Makassar City)

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Abstract

Micro, Small and Medium Enterprises or Abbreviated as MSMEs is one of the many sectors that are very important for the development of the national economy. The cooperative's health level can be calculated using one of the formulas, namely Non-Performing Loans or NPL. The assessment of the health of cooperatives can also be seen from the increase or decrease in investment by MSME actors. This study aims to determine how the level of cooperative health assessment reviewed in NPL and the level of investment in the MSME sector. This study uses a qualitative descriptive method and uses the NPL formula. The sample of this research is the KSP Berkah on Jl. Tamalate 5 Makassar city. The data in this study were obtained from the result of interview at KSP Berkah in 2020-2021. The results of this study describe the cooperative's health level, which is 4,75% or is in the healthy category.

Keywords: Cooperative Health, NPL, Investment, and UMKM

INTRODUCTION

WHO explains that the corona virus is a virus that can cause respiratory tract infections (Siti Nurul Laila Nalini, 2021). Infection from this virus is known as covid-19. This virus causes mild flu to severe flu. Various impacts have been caused by the Covid-19 pandemic. One of the impacts is on the economic sector in the MSME sector.

Micro, Small and Medium Enterprises or known as MSMEs are one of the business sectors that can experience an increase in the country's economy (Nirfandi Gonibala, 2019). MSMEs are



an economic sector that has very good resilience, which is why MSMEs receive great attention from the central and regional governments (Hadi Noviono & Dyah Pelitawati, 2019). MSMEs are the foundation of the country's economy and can also create new employment opportunities and increase the potential of MSMEs to improve community welfare. However, currently, MSMEs are being tested for their resilience by the corona virus pandemic outbreak. With this pandemic, will MSMEs continue to support the economy or will it also be disrupted? As previous research revealed that many MSMEs were forced to close down because they had to follow government regulations to implement the PSBB, especially small businesses such as culinary and home industries (Neneng Susanti, 2021). The pandemic attack that occurred globally in almost all countries, including Indonesia, has had a negative impact on the economic sector, especially the MSME business. As in previous research, it was revealed that the clearest difficulty faced by MSMEs was when MSMEs had to pay principal (debt) and interest installments to banking institutions while sales activity decreased and there was no income to pay credit obligations to banks, they were even forced to lay off employees or were forced to termination of employment (Neneng Susanti, 2021).

NPL or Non Performing Loans are problem loans. As an institution that connects parties with excessive funds with parties with insufficient funds (Herman, 2008). NPL is an important factor for assessing the performance of other financial institutions. A financial institution will try to gain significant profits in lending by reducing and reducing the NPL level. If the NPL value is high, reputation and income will decline due to the large amount of credit that has not been collected from customers, which ultimately affects the quantity of credit disbursement. Doubtful, substandard credit and bad credit are classified as Non-Performing Loans or NPL. In distributing credit, funds are needed from capital as well as additional funds from other financial institutions, such as credit, deposits and savings (Ni Kadek Sri Lisa Febrianti).

The health level of a cooperative is one of the benchmarks for the situation of a cooperative in a certain period. This is in line with the previous assessment which stated that an assessment of the health of cooperatives is really needed to see the health level situation so that cooperatives can decide what should be done for cooperatives to be more advanced in the future (Imam Ariansyah & Nurmala, 2019). The health level of a cooperative can be calculated using one of the formulas, namely Non-Performing Loans or NPL. There is an assessment of the health level of the cooperative in order to see how healthy the cooperative is in carrying out its activities and the cooperative can evaluate the business that has been carried out for the sustainability of its



activities and parties related to the cooperative will feel comfort and security if they establish a relationship with the cooperative, whether related to obligations, loans, or investment for the government (taxes) etc. (Herry Goenawan & Desty Natalia, 2016).

Investment is an activity of positioning some of one's current assets in a special asset in order to obtain long-term benefits (Faridhatun Faidah et al., 2020). It is hoped that MSME players can encourage economic improvement and the welfare of the population (Airin Ramadhani Soleha, 2020). Welfare is obtained from the value of people's income which can fulfill their life needs in the long and short term. In order for welfare to increase, people are expected to save some of their opinions for investment. With this investment, one day his income will increase. Therefore, currently the population must be made aware of the importance of investment to increase the income and welfare of the population in the future. As in previous research which revealed that the existence of investment is the basic capital for realizing sustainable economic development (Miftahul Aziz et al., 2020). However, there are usually two reasons that people consider when investing, namely the level of profit and the risks involved (Faridhatun Faidah et al., 2020).

It is very important to assess the health level of cooperatives in assessing the performance of a business and also to determine policies that can be used to maintain operational continuity in the face of similar competitors. The health level of the cooperative itself can be assessed in terms of NPL. KSP Berkas in Makassar City also measures the health level of its cooperatives based on the NPL, where this NPL will measure whether the cooperative is in the healthy or unhealthy category. As in previous research which revealed that for NPL the average percentage of cooperative health was 5.64 percent, meaning it could be classified into the healthy category. If the cooperative management does not try to improve performance significantly to be able to increase the NPL to below 5 percent as stipulated by BI. This can result in decreased interest income. (Ni Kadek Sri Lisa Febrianti).

Assessment of the health of cooperatives can also be seen from the increase or decrease in investment by MSME players. Increasing investment by MSME players in cooperatives provides benefits for the cooperative itself because the influx of investment can increase capital for the cooperative. The underlying factor for MSME players investing in cooperatives is due to the decline in their business income. Like the current Covid 19 pandemic, there are some MSME players who are increasing investment activities in cooperatives to maintain their business in order to survive during this pandemic. Increasing investment by MSME players will have a direct



impact on improving the health of cooperatives. On the other hand, some other MSME players during the Covid 19 pandemic actually reduced their investment levels because they were afraid that their investment in cooperatives would not run smoothly due to the Covid 19 pandemic and would actually have a negative impact on their MSMEs. The decline in investment by MSME players in cooperatives means that cooperatives lose one of their sources of capital, which has consequences for the health of cooperatives, where the level of cooperative health decreases. The existence of the Covid 19 pandemic has certainly affected the level of investment, especially at KSP Berkas in Makassar City in the MSME sector, where every cooperative must make investments, whether every year the investment increases or decreases and there may even be no investment at all due to the Covid 19 pandemic. This is in line with the opinion in previous research which states that the aim of assessing the health level of cooperatives is to see how healthy the cooperative is when carrying out its cooperative duties (Fitriyani Sinabung Sinaga, 2021).

The Covid-19 pandemic has certainly affected investment levels. As in previous research, it was revealed that the influence of the corona virus pandemic has greatly changed the existing and currently formed economic order, especially investment which has had a very significant impact (Miftahul Aziz et al., 2020). The pandemic requires various entrepreneurs to rack their brains to find ways to maintain their business, including making investments. This is in line with the opinion that PSBB requires investors to rethink investing their assets in areas that can provide profits (Miftahul Aziz et al., 2020).

The Covid 19 pandemic has also affected the health of cooperatives. As in previous research, it was revealed that KSPPS was a non-bank financial institution that was also affected by the corona virus because it had little capital, its management did not have much experience and its assets were still small (Fitriyani Sinabung Sinaga, 2021).

Based on the background above, this research aims to see the health level of cooperatives in terms of NPL and investment levels in the MSME sector during the coronavirus pandemic. Because research on assessing the health level of cooperatives in terms of NPL and level of investment in the MSME sector is still very rare. For this reason, researchers chose this topic because they thought it could broaden readers' insight regarding the assessment of the health level of cooperatives in terms of NPL and investment levels in the MSME sector during the current Covid-19 coronavirus pandemic. Of course, this research provides benefits, namely increasing insight and knowing that the health assessment of cooperatives can be assessed from NPL and



investment from the MSME sector during the Covid-19 pandemic.

RESEARCH METHODS

This research is a qualitative descriptive research. The descriptive method is research used on independent variables, that is, there is no need to compare or connect other variables (Sugiyono, 2011). Research methods are research techniques used to obtain data to achieve certain goals (Umi Narimawati et al., 2011). Qualitative research is research that uses little statistical calculations but is more focused on explaining phenomena whose dimensions are humans, objects or institutions within them, as well as the interrelationships of these dimensions. Literature study is used in this research, namely a collection of activities ranging from collecting library data, reading, recording to managing research materials which aims to find a basis for creating a theoretical basis, a framework of thought, as well as establishing hypotheses or temporary conjectures. The literature study was carried out by analyzing online journals relevant to the research topic. Qualitative research is the data used in this research, namely primary data obtained from interviews at the Berkas Savings and Loans Cooperative.

A qualitative approach is an approach that uses steps, methods, targets, as well as procedures that involve information and data obtained directly from respondents to obtain a general picture (information) regarding the matters concerned to be researched. Qualitative research is also considered capable of providing clear and specific explanations (Miranda, 2019). A qualitative approach focuses on studying things related to phenomena and processes.

In research, data collection techniques are used using interview techniques. This interview technique is carried out by directly visiting the cooperative in question. The population in this research is the Savings and Loans Cooperative located in Makassar City. The sample for this research is KSP Berkas on Jalan Tamalate 5, Makassar City. The data obtained from the results of this interview is data on problem loans and loans disbursed in 2020-2021.

To measure the level of cooperative health assessment in terms of NPL, you must use a formula. The NPL formula is:

$$NPL = \frac{\text{Problematic Credit}}{\text{Total Credit Disbursed}} \times 100\%$$

To view the cooperative's health predicate, there is a cooperative assessment score table, making it easier to see the cooperative's health predicate.



Table 2. Cooperative Health Level Score

Score	Predicate
0 – 1,25	Not healthy
1,26 – 2,50	Unwell
2,51 – 3,75	Pretty Healthy
3,76 – 5,0	Healthy
> 5,0	Very healthy

Sumber: Permenkop UKM RI No:14/PER/M.KUKM/XII/2009

RESULTS AND DISCUSSION

General Description of Research Locations

Based on the results of interviews with the Berkas Savings and Loans Cooperative, the cooperative's credit data was obtained for 2020-2021. Blessing Savings and Loans Cooperative is a cooperative that stands alone without any interference from the government, banking or other institutions. However, banks also contribute to helping the cooperative when it experiences financial difficulties. But this cooperative is clearly not bound by the rules of other institutions.

Table 3. Blessing Savings and Loans Cooperative Credit

No.	Year	Total Problem Loans	Total Credit disbursed
1.	2020	Rp. 250.000.000	Rp. 300.000.000
2.	2021	Rp. 5.500.000.000	Rp. 5.590.000.000

Source: Data Processing Results (2022)

To calculate the level of cooperative health assessment in terms of NPL, you must use the formula for finding NPL.

$$NPL = \frac{\text{Problematic Credit}}{\text{Total Credit Disbursed}} \times 100 \%$$

1. Year Date 2020

$$NPL = \frac{\text{Problematic Credit}}{\text{Total Credit Disbursed}} \times 100 \%$$

Based on the data above, it can be seen that the Berkas Savings and Loans Cooperative in 2020 had non-performing loans of Rp. 250,000,000. while the credit disbursed is Rp.



5,500,000,000. After calculating using the NPL formula, the result obtained is that the NPL of the Berkah Savings and Loans Cooperative for 2020 is 4.5%, which means it is in the healthy category. Data Tahun 2021

$$\text{NPL} = \frac{300.000.000}{5.590.000.000} \times 100\%$$

$$\text{NPL} = 5,0 \%$$

Based on the data above, it can be seen that the Berkah Savings and Loans Cooperative in 2021, has non-performing loans of Rp. 300,000,000. while the credit disbursed is Rp. 5,590,000,000. After calculating using the NPL formula, the result obtained is that the NPL of the Berkah Savings and Loans Cooperative for 2021 is 5.0%, which means it is in the healthy category.

KSP Berkah's NPL for 2020-2021 can be averaged to:

$$4,5\% + 5,0\% = 9,5\%$$

$$\text{Average NPL value} = \frac{9,5\%}{2}$$

$$\text{NPL} = 4,75\%$$

It can be concluded that the NPL at the Berkah Savings and Loans Cooperative for 2020-2021 is 4.75%. Describes that the cooperative is in the healthy category. In terms of investment by MSMEs, according to the results of interviews with the Berkah Savings and Loans Cooperative, over the last two years no MSMEs have invested in the cooperative. So it can also be said that the cooperative has remained healthy in the last two years.

Problematic credit or NPL occurs due to two factors, namely the debtor factor and the cooperative's internal factors. Debtor factors include an element of intentionality, meaning there is no element of willingness to make payment even though the debtor can pay it, and there is an element of inadvertence, meaning the debtor wants to pay but is not yet able or the debtor has been hit by a disaster. The next factor is the cooperative's internal factors, including internal inability to monitor bad credit, and lack of control by management (Ratnasari Rahayu, 2018).

Current credit occurs when the principal installments are repaid on time, there is an active account mutation, and part of the credit is collateralized by cash payments. DPK credit if there are arrears in repayment of principal installments that have not exceeded 90 days, sometimes there are overdrafts, there are not frequent violations of the agreement, account mutations are relatively active, and loans are supportive. Credit is substandard if there are arrears in repayment of principal installments that exceed 90 days, there are always overdrafts, breaches of contractual agreements exceeding 90 days, account mutations are relatively low, there are indications of



financial problems the debtor is facing, and loan documents are weak. Credit is doubtful if there are arrears in repayment of principal installments that exceed 180 days, persistent overdrafts, defaults exceeding 180 days, capitalization of interest, and weak documents, whether documents agreed for credit or loan binding documents. Meanwhile, bad credit occurs if there are arrears in repayment of principal installments that exceed 270 days, operational losses are covered using new loans, and in the legal sector and market situation, collateral cannot be disbursed at its proper value (Andreani Caroline Barus & Erik, 2016).

The corona virus pandemic has had a very bad impact, not only in the health sector, but the economy has also been affected, such as the national cooperative movement. As stated in previous research, the current state of cooperatives is recorded as consisting of 126,343 units, with a composition of 85.36 percent or consisting of 107,652 active cooperative units. Cooperatives operating in the savings and loans sector, both conventional and sharia, constitute 14.64 percent or consist of 18,491 cooperative units (Nurita Indriawati et al., 2008). Indeed, in the midst of the corona virus pandemic, all business actors are experiencing the impact, including cooperatives. Cooperatives are facing a decline in both the real and savings and loan sectors. Universally, the decline in cooperatives starts between 30-50 percent. The cooperatives most affected are service consumer and producer cooperatives (Samsul Huda, 2021).

Investment is a commitment to invest funds at a certain time in order to obtain future profits as compensation to investors for the period since the funds were invested, the desired inflation rate, and the uncertainty of future payments (Reilly & Norton, 2007). Investors in investing have the hope of getting a return in return. Only returns are the best way for investors to compare various investment choices with various types of results from those investment choices (Jensen & Jones, 2020). Investment is placing the assets you currently own in a particular asset in order to obtain long-term profits. Usually there are two main points that investors consider when deciding to invest, namely the level of profit and the risk (Faridhatun Faidah et al., 2020). Investment choices can be made by determining the type, namely real assets and financial assets (Warsono, 2010). These real assets include purchasing land, gold and property. Then financial assets, for example buying securities, deposits and bonds. Both types of investment have their own risks and benefits. People who want to invest need good knowledge regarding the type of asset they will choose so they can make the correct choice of securities and provide profits.

Investment has the aim of increasing economic growth and aims to eliminate or minimize the increase in poverty, income inequality and increased unemployment (Miftahul Aziz et al.,



2020). National economic development is a process by the government and the population in managing available resources and also creating a partner relationship between the government and the private sector in creating new jobs and increasing the development of economic activity (economic growth). Investment is one of the main factors that determines the success of economic development. Investment is the main capital for realizing sustainable economic growth.

However, in the last few years, a virus has emerged which has had a tremendous impact on all sectors of life in all corners of the world, including the economic sector such as investment, as in previous research which revealed that the Covid 19 pandemic not only has an impact on health and way of life society but also the economy and investment (Miftahul Aziz et al., 2020). The corona virus has had an impact on the world after it was discovered in Wuhan, China at the end of 2019. In the investment sector, the corona virus pandemic has changed the population's perspective on the economic sector. In fact, increasing investment will help increase state income because investment is a component of state income formation (Keynes & John M, 1936). Many businesses have been forced to close down, unemployment has increased, poverty has increased, and investors are worried, resulting in many investors having to rack their brains so that their investments do not incur large losses (Diana Tambunan, 2020). The Covid-19 pandemic has not only had an impact on investment by large companies, but also on investment by MSMEs. This pandemic has had a big influence on investment in the MSME sector, whether these MSMEs increase their investment or actually reduce their investment or even not invest at all (Edy Sutrisno, 2020). An MSME invests with the hope of receiving returns that can create huge profits in the present and also the future. MSME players' investment decisions in the midst of the Covid 19 pandemic are one way for MSMEs to save their businesses from losses and even bankruptcy (Abdurrahman Firdaus Thaha, 2020).

MSME players invest when they experience a shortage or decline in business income. MSMEs can apply for credit in cooperatives when business income decreases (Ade Onny Siagin, 2021). This can affect the health level of the cooperative itself. When MSMEs take out a loan from a cooperative, the cooperative automatically carries out credit recording activities. Credit recording can be in the form of good credit, bad credit, or doubtful credit. Current credit occurs when the loan is paid according to a predetermined date, bad credit occurs when the loan is not paid according to the specified date, while doubtful credit occurs when the credit does not meet the current and substandard categories.

The Ministry of Cooperatives and SMEs is trying to help cooperatives by providing training



and education for MSMEs, especially in the culinary sector. Apart from that, it provides facilities for creating production innovations in accordance with market demand. When MSMEs need loans, cooperatives can provide assistance. As previous research states that sharia cooperatives help by providing capital according to mudharabah and community agreements (Fatimatuz Zahro Octavia, 2022).

The higher the level of investment by MSMEs, the healthier the cooperative. Vice versa, the lower the level of investment by MSMEs, the less healthy the cooperative is (Rahmi Rosita, 2020).

CONCLUSION

Based on the results and discussion, it can be concluded that the NPL at the Berkat Savings and Loans Cooperative for 2020-2021 is 4.75%. Describes that the cooperative is in the healthy category. In terms of investment by MSMEs, according to the results of interviews with the Berkat Savings and Loans Cooperative, over the last two years no MSMEs have invested in the cooperative. So it can also be said that the cooperative has remained healthy in the last two years.

MSME players' investment decisions in the midst of the Covid-19 pandemic are one way for MSMEs to save their businesses from losses and even bankruptcy. MSME players invest when they experience a shortage or decline in business income. MSMEs can apply for credit at cooperatives when business income decreases. This can affect the health level of the cooperative itself. When MSMEs take out a loan from a cooperative, the cooperative automatically carries out credit recording activities. Credit recording can be in the form of good credit, bad credit, or doubtful credit. Current credit occurs when the loan is paid according to a predetermined date, bad credit occurs when the loan is not paid according to the specified date, while doubtful credit occurs when the credit does not meet the current and substandard categories.

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