



Design of Corporate Governance Measurement of Internet-Based Cooperative Legal Entities

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<http://dx.doi.org/10.18415/ijmmu.v10i9.4971>

Abstract

Cooperatives are an economic business entity institution for people who own micro and small and medium enterprises which have provided evidence of being strong economic actors, for example, in overcoming the problem of unemployment. In 2007 the Ministry of Cooperatives and SMEs stated that the workforce in small and medium enterprises had absorbed as many as 91.25 million workers and large businesses had absorbed as many as 2.52 million workers. Meanwhile in 2019, a research has shown that MSMEs are able to absorb a workforce of 119.6 million workers. This number has increased compared to the previous year which was 117 million people. So that number is equivalent to 96.92% of the total workforce in Indonesia, and the remaining 3.08% comes from large industries. The more cooperatives that operate, the more institutional improvements are needed. Institutional improvement can be done by improving Good Corporate Governance. However, until now in Indonesia there has been no patent measure of Good Corporate Governance, the existing measurements are still included in the Cooperative Health Rating Working Paper. In addition, the existing measurements are still using the manual method. This study offers a measurement design of internet-based Good Corporate Governance For Cooperatives. The results of the research gave rise to five aspects of measurement and 164 main items of assessment. the existing measurements are still included in the Cooperative Health Rating Working Paper. In addition, the existing measurements are still using the manual method. This study offers a measurement design of internet-based Good Corporate Governance For Cooperatives. The results of the research gave rise to five aspects of measurement and 164 main items of assessment. the existing measurements are still included in the Cooperative Health Rating Working Paper. In addition, the existing measurements are still using the manual method. This study offers a measurement design of internet-based Good Corporate Governance For Cooperatives. The results of the research gave rise to five aspects of measurement and 164 main items of assessment.

Keywords: *Corporate Governance; Cooperative Governance; Stakeholder Theory; Cooperatives; Internet Based Corporate Governance Rating Modified*

Introduction

Corporate governance has attracted a lot of attention since the mid-1980s. The impetus for this comes from the Anglo-American Code of Good Corporate Governance. Inspired by institutional

investors, other countries in developed and developing markets have created and adapted versions of this Code for their own companies. For the first time in a report, corporate governance stated that management is the system by which companies are directed and controlled. The report also clarifies that the board is responsible for the management of its company. The role of shareholders in governance (Grant et al., 1992) The company is to appoint directors and auditors and to ensure that proper corporate governance structures are in place. The responsibilities of the board of directors include setting the company's strategic goals, leading their implementation, overseeing management and reporting to shareholders on the management of their own finances. Laws, regulations and general meetings apply to the activities of the board of directors (Cadbury report, 1992).

Corporate governance is a broad term that describes the processes, practices, policies, laws and institutions that direct organizations and companies in how they act, manage and control their operations. Corporate governance can also be understood as the proper distribution of powers and responsibilities between the board of directors, management and owners of a company, among which we find controlling shareholders, either majority or minority, and other stakeholders (Popescu et al., 2014). The principles of corporate governance according to the Organization for Economic Co-operation and Development (OECD), should promote market transparency and efficiency, and also comply with applicable laws, which indicate the division of responsibilities between the individual bodies of capital companies (OECD Guidelines on Governance State Owned Company, 2015). Ultimately, corporate governance systems are about the actors who control the productive resources of the economy, what the incentives are, and how well they work for the economy as a whole (Morck & Yeung, 2014).

In a study it was said that corporate governance is a tool that can be used to fight corruption (Ackerman & Truex, 2012). Corporate governance is one of the most important factors in the occurrence of corruption. At the same time, corporate governance, which is defined as the system by which companies run, is associated with corrupt business behavior because management methods encourage companies' commitment to ethical, transparent and responsible behavior in their contracts (Carillo et al, 2019). Better governance is believed to be able to improve the quality of life of a nation and reduce opportunities for corruption which can endanger the welfare of its people (Musdholifah & Hartono, 2019).

Assessment of corporate governance also develops over time. In 2006 a study initiated an internet-based corporate governance rating (Internet Based Corporate Governance Rating – IBCG Rating). This internet-based assessment has also experienced a development known as the Internet Based Corporate Governance Rating Modified proposed by (Hartono & Musdholifah, 2016). In the Internet Based Corporate Governance Rating Modified measurement, there are five categories which are still the same as the measurements from Grzybkowski and Wójcik's research, namely Shareholders, Transparency, Board of Directors, Executive Management and Technical Accessibility. In Indonesia, the internet-based corporate governance measurement model itself has undergone several developments. Because every business entity or legal entity has different criteria, the measurement of corporate governance will always develop. Because the measurement of the Internet Based Corporate Governance Rating Modified is only suitable for profit-based entities, in 2019 an Internet Based Corporate Governance Rating Modified has been developed for the measurement of a foundation legal entity (Musdholifah & Hartono, 2019). These measurement limitations triggered the development of a measurement model, so that in 2020 the Internet Based Corporate Governance Rating Modified was developed again to measure sharia-based companies by adjusting measurements based on the laws of the Qur'an and Hadith. Because the measurement of the Internet Based Corporate Governance Rating Modified is only suitable for profit-based entities, in 2019 an Internet Based Corporate Governance Rating Modified has been developed for

the measurement of a foundation legal entity (Musdholifah & Hartono, 2019). These measurement limitations triggered the development of a measurement model, so that in 2020 the Internet Based Corporate Governance Rating Modified was developed again to measure sharia-based companies by adjusting measurements based on the laws of the Qur'an and Hadith.

Refer to Wuryani et al (2019) states that cooperatives are legal entities that carry out cooperative activities based on democracy. Indonesian Cooperative Law No. 17 Years In 2012, a labor union is a legal entity formed or organized by one legal organization. Cooperatives have economic, social and cultural aspects in accordance with their principles. The main goal of the cooperative is that its limbs bloom. Wuryani & Yanthi (2020), it was found that cooperatives have special characteristics compared to other organizations. Cooperatives have the principle of benefiting a company that is fun for all members of the cooperative

Cooperatives and SMEs have increased the workforce in Indonesia, apart from contributing to the country's GDP growth. However, synergy appears to be indistinguishable from corruption by several elements. In 2021, there was a corruption case in the Malang area which was revealed by the Attorney General's Office, East Java, where the incident was reported to the state in the amount of Rp. 74 One billion. In the same year, a corruption case occurred involving the chairman of the cooperative who was sentenced to 10 years in prison for corruption of up to 3.4 billion. Meanwhile, in 2022 the corrupt former LPDB-KUMKM leadership and others resulted in state losses of IDR 116.8 billion.

The success of cooperatives in achieving success, and the failure of cooperatives to maintain their existence, depends on the ability of cooperatives to organize good and consistent governance. Cooperative governance has not been specifically regulated by the Indonesian Ministry of Cooperatives and SMEs. Activities to measure the quality of governance for cooperatives are only reflected in a number of Ministerial Regulations or Deputy Ministerial Regulations (Arda et al., 2021). According to Arda et al, (2021), Regulation of the Deputy for Institutional Affairs of the Ministry of Cooperatives and Small and Medium Enterprises Number 04/ Per/Dep.1/III/2018 concerning Criteria and Indicators for Rating Kriteria Cooperatives and Indicators for Evaluation of Cooperative Ratings. This Deputy Regulation (Perdep) does not fully address cooperative governance. This does not include compliance with applicable tax laws and accounting regulations, including compliance with the preparation of financial statements based on the Standards for Financial Accounting for Entities Without Public Accountability (SAK ETAP). References to cooperative governance compiled by a number of academics and practitioners are limited to the governance of Savings and Loans Cooperatives (KSP) and Savings and Loans Cooperative Units (USP). Therefore this assessment was redeveloped by Arda et al, (2021) to have 15 dimensions and 97 measurements. However, according to the authors, in this measurement the researcher has an urgency to redevelop the research from Arda et al, (2021) because this research is still manual.

Literature Review

Cooperative

Cooperatives are business entities consisting of individuals or cooperative legal entities with activities based on cooperative principles as well as a people's economic movement based on the principle of kinship, as stated in the Law of the Republic of Indonesia Number 25 of 1992 concerning Cooperatives. Cooperatives as economic institutions for the micro and small business community have demonstrated their ability to be strong economic actors, for example in overcoming the problem of unemployment.

Babalola (2014) Cooperatives are business organizations owned and operated by a group of people for mutual benefit. Cooperatives are businesses that are owned and controlled by the people who use their services. They finance and operate a business or service for their mutual benefit. By working together, they can achieve goals that cannot be achieved acting alone.

Good Corporate Governance (GCG)

There is no single definition of corporate governance that applies to all situations and jurisdictions. Variations exist depending on institutions, national contexts, and legal traditions. The Organization for Economic Cooperation and Development (OECD), which published the Principles of Corporate Governance in 1999 and revised the Principles in 2004 and 2015, provides a more precise definition of governance regarding shareholders and other stakeholders. Corporate governance also provides the structure by which goals are set for the company, the means to achieve the goals are defined and the results are monitored (Indonesian Corporate Governance Manual, 2018). The International Finance Corporation defines GCG as the structure and process by which the company is directed and controlled. Corporate governance (hereinafter referred to as CG) is a system of professional company management. The implementation of good CG commitment or commonly called Good Corporate Governance (GCG) is contained in the Company's mission, which is to create competitiveness to attract investors and issuers through empowering Exchange Members and Participants, creating added value, cost efficiency and implementing good governance (<https://idx.co.id/en/about-bei/tata-kelola-company>).

Arif (2020) disclose regarding the application of governance principles through the following five matters: [1] Transparency To maintain business consistency, a company or entity must have appropriate and relevant information that can be easily obtained and understood by stakeholders. Companies must have policies that are sensitive to the disclosure and settlement of not only issues required by regulations, but also important issues for decision making of shareholders, lenders and other policy holders, [2] Accountability, seriousness, implementation and commitment of the duties of these agencies to achieve effective management of the company, [3] Responsibility, namely to ensure that the company's operations are in line with the rules and principles of a healthy company, [4] Independence,

Cooperative Governance

The implementation of cooperative governance within the organization can be seen from the activeness of the chairman and members who support cooperative operational accountability. Reporting on the chairperson's responsibilities is submitted at the annual member meeting. The responsibility of the members is to carry out their obligations as members and play an active role in the operation of the cooperative. The cooperative business in this study is a savings and loan business. Cooperatives through Member Meetings determine the minimum loan value and maximum loan value that can be given. Determining the minimum loan value is related to the effectiveness of lending, while determining the maximum loan value is related to the emphasis on loan risk (Wuryani & Yanthi, 2020). Nainggolan et al., (2016) Following the definition of GCG and the principles and values of the cooperative, we use the five principles of GCG, which are our monitoring dimensions, to determine the important indicators that must be implemented and provide management with an understanding of their importance. From these variables in building GCG to achieve and advance cooperative goals. The five dimensions used are: 1) Democracy, 2) Self-sufficiency, 3) HR Quality, 4) Transparency, and 5) Accountability

Stakeholder Theory

Stakeholder theory and strategic management. (Harrison et al., 2015) discusses the use of stakeholder management (STM) as part of strategic management. The distinction between ethics and business has been used to ignore the strategic role of stakeholder theory. Many authors suggest a more pragmatic approach to recognizing the role of stakeholder theory in strategic management. In this respect, the cooperative model represents the best form of governance in which the ethical and value dimensions are implemented in a coherent managerial model capable of producing positive effects both within the

internal organizational structure and within the reference community. With STM, cooperatives can offer a model for companies that intend, at least strategically, to adopt a stakeholder value model.

(Harrison et al., 2015) Analyze the ethical implications of STM in decision-making and its role in organizational managerial processes, by suggesting ten cardinal rules:

- a) Identify and map all stakeholders: stakeholders are identified by considering the differences between shareholder stakeholders and stakeholders outside the company such as, for example, citizens or environmentalists. This identification allows us to know the real commitment of stakeholders to the company. In the case of cooperatives, internal stakeholders are members of the cooperative while external stakeholders are customers, consumers or reference communities.
- b) Evaluating the issues at stake: here the interests of the stakeholders are defined.

The main problem is describing the relationship between the company and its stakeholders. In the case of cooperatives, this relationship is facilitated by the fact that internal stakeholders are members and management of the cooperative participates in decision-making and corporate governance.

- c) Identify existing corporate values and commitments: To address a complex set of relationships with its stakeholders, companies must clarify existing values and commitments. In the case of cooperatives, this relationship is facilitated by the fact that models of solidarity and reciprocal value are grafted into the company's charter and in governance choices.
- d) Prioritizing Issues: Management should rank issues that are relevant to the stakeholder approach. In the case of cooperatives, cooperative members actively participate in determining the applicable company guidelines.
- e) Reviewing/developing policies: In implementing the stakeholder approach, managers need to develop and review policies to maximize value for multiple stakeholders. The complexity and intensity of this process depends on the characteristics of the stakeholders and the way they relate to the community. In the case of cooperatives, the condition of stakeholders that must be maximized is that cooperative members according to the type of cooperative, can be producers, consumers, or capita guarantors.
- f) Set goals: to maximize the relationship between the company and its stakeholders, it is important for the management to define the goals to be achieved. In the case of cooperatives, the relationship between stakeholders and goals passes through the management of the company which is not aimed at the profit dimension but rather at the dimension of the positive sum game between the cooperative company, the cooperative members, and the external environment.
- g) Measuring performance: performance evaluation is an important component of the enterprise-stakeholder relationship.
- h) Communication and reporting: ongoing communication and reporting is a fundamental part of the company and stakeholder relationship. Accountability can be achieved with periodic reports and communications in which the company shows its stakeholders the results obtained.
- i) Reviewing commitments and policies: Companies must get feedback to implement. STM should not be seen as a rigid strategy, but as a dynamic approach that may be open to criticism and suggestions from stakeholders. In this way, the approach to stakeholders can be both dialectical and strategic, resulting in more resilient scenarios in which companies and stakeholders efficiently maximize their goals. In the case of cooperatives, the strategic dimension of the management model is evident in the long-term relationships built with cooperative members, with customers and with members of the reference community.

- j) Ongoing commitment: to optimize the STM model, it is important to continuously develop the relationship between the company and its stakeholders. In the case of cooperatives, this goal is also translated as changing the culture of the environment in which the cooperative operates with initiatives aimed at promoting an inclusive economy, circular economy, sustainability and proxies.

Use of the Internet as a Measuring Medium for Governance

The use of the internet as a medium for measuring corporate governance was introduced by (Grzybkowski & Wojcik, 2011) in the Internet Based Corporate Governance Rating, which was compiled based on the principles of the OECD in 2004. This measurement is proxied into 5 aspects, namely Shareholders, Transparency, Board of Directors, Executive Management, and Technical Accessibility.

The IBCG Rating is built on 120 criteria divided into five main categories namely, shareholders, transparency, board of directors, executive management and technical accessibility. On the shareholder side, IBCG consists of three topics of discussion divided into subcategories: Disclosure of Rights and Obligations, shareholding structure, ownership principles and shareholder departments, key ownership functions which include voting procedures and annual general meetings, and equal treatment of access the same for information, interactive participation in GMS and shareholder notification tools.

In the Transparency section, IBCG considers transparency procedures that include audited and unaudited information, information storage, validation procedures, financial calendars, auditors, independent accounting feeds, and non-financial reports. The presentation of financial data is aimed at annual reports, changes in share prices, timing of disclosure and disclosure of the scope of capital involvement in listed and non-listed companies.

In the category of Directors, it is divided into five sub-categories namely, disclosure of general regulations, board committees, board composition, board remuneration and reporting. While the executive management category is designed in a similar way, the questions are tailored to the specificity of managerial input and involvement. In the last, fifth category on technical accessibility, what is examined is the level of technology compliance with website publishing standards, usability, and issues related to the presentation of financial data.

The following is the IBCG Rating formula that has been described by (Grzybkowski & Wojcik, 2011):

$$\text{IBCG Weighted} = ((\text{Score}/\text{Max Points}) \times 100\%) \times (\text{Max Weighted Points})$$

The categories and sub-categories of the measurements are then formulated to obtain a governance index that ranges from 0 to 100.

Table.1 Main Categories of IBCG Rating Modified

No.	IBCG category	Max Points	Max Weighted Points
1.	<i>Shareholders</i>	42	30
2.	<i>transparency</i>	38	30
3.	<i>Board of Directors</i>	26	15
4.	<i>Executive Management</i>	18	15
5.	<i>Technical Accessibility</i>	10	10
Total		134	100

Source: Ethic & Corporate Governance Textbook (Hartono et al, 2021)

The quality of corporate governance is measured using the governance index developed by Musdholifah & Hartono (2015), which is proxied by the IBCG Rating Modified [3]. Measurement of the IBCG rating of the original text is constructed which consists of 120 criteria into 134 criteria, which are divided into five main categories: 1) Shareholders; 2) Transparency, 3) Board of Directors; 4) Executive Management; and 5) Technical Accessibility.

Measurements that have been developed by (Hartono & Musdholifah, 2019) it has been used in Indonesia to measure BUMN, BUMD companies, and has been modified again to measure governance in foundations (Musdholifah & Hartono, 2019) and sharia-based companies (Hartono et al, 2021)

Objective

1. This study aims to identify and analyze the process of designing components for measuring the quality of governance of internet-based cooperative legal entities.
2. To find out and analyze the design of measuring the quality of governance of internet-based cooperative legal entities

Methods

In this study using data collection techniques in the form of documentation, interviews, and group discussion forums as needed. Documentation techniques have been used to obtain data that is ready and has been processed by other people (Ulum and Ahmad 2018: 96). An interview is a conversation that has a specific purpose, the conversation is carried out by two parties, namely the interviewer who asks questions and the interviewee who answers these questions (Moleong, 2021).

This study used unstructured interviews to identify the design components and sub-components of the quality of governance of cooperative legal entities by interviewing several related parties, namely, the Association of Indonesian Cooperative Lecturers and Researchers (ADOPKOP) with 1 informant, the Indonesian Ministry of Cooperatives and UKM 1 informant in the field of Cooperatives subbid Supervision and subbid Cooperative Development and Update, Cooperatives that have been sampled as many as 1 Cooperative, East Java Provincial Cooperative Office, and the Indonesian Cooperative Council (DEKOPIN).

Discussion and Results

Development of Quality Measurement of Cooperative Governance Implementation for this research, is the Minister of Cooperatives, Small and Medium Enterprises of the Republic of Indonesia Number 9 of 2020 concerning Supervision of Cooperatives. Regulation of the Deputy Minister for Institutional Affairs of the Ministry of Cooperatives and Small and Medium Enterprises Number. 04/Per/Dep.1/III/2018. Technical Instructions for the Deputy for Cooperatives No. 15 of 2021 concerning Cooperative Rating Criteria and Indicators has not been able to accommodate comprehensive governance development. The summary of the literature review and legal documents issued by the Ministry of Cooperatives and SMEs is still not complete for designing an ideal cooperative governance building. Researchers complete it with dimensions and indicators that are relevant to cooperative governance. The dimensions and indicators in question are as follows. the researcher added two variables as an element of novelty, namely: (1) The use of the internet as a medium for measuring cooperative governance. (2) adding stakeholder elements and technical accessibility to measurement through the website media. In the next stage, a comprehensive Cooperative Governance Implementation Quality Measurement was developed.

Development developed. The results of a study of the Minister of Cooperatives, Small and Medium Enterprises of the Republic of Indonesia Number 9 of 2020 concerning Supervision of

Cooperatives. Regulation of the Deputy Minister for Institutional Affairs of the Ministry of Cooperatives and Small and Medium Enterprises Number. 04/Per/Dep.1/III/2018. Technical Instructions for the Deputy for Cooperatives No. 15 of 2021 concerning Guidelines for Cooperative Health Examination Working Papers, as well as adding indexes from the results of FGDs, literature studies, and interviews with related parties. In the end the author can develop 5 aspects and 164 points for the Development of Measuring the Quality of Cooperative Governance Implementation, namely: (1) Stakeholders, (2) Transparency, (3) Responsibility, (4) Accountability, (5) Technical Accessibility.. In detail dimensions and indicators of the development of measuring the quality of implementing cooperative governance, which the author compiled.

Table. 2 IBCG Rating for Cooperative Measurement Design

IBCG Rating For Cooperative Measurement Design						
No				Description of IBCG Rating For Cooperative	tension	
					There is	There isn't any
1				STAKEHOLDERS		
	1.1			Rights and obligations		
		1.1.1		Statute (Articles of Association)		
			1.1.1.1	Available in full on the Cooperative page		
			1.1.1.2	Statutes are composed in an easy-to-search format		
		1.1.2		Savings Ownership		
			1.1.2.1	A report on the ownership of cooperative members' savings is available		
			1.1.2.2	There is a report on changes in ownership of cooperative members' savings		
			1.1.2.3	There is a report on the number of savings of members of the cooperative		
			1.1.2.4	There is a report on changes in the number of savings of cooperative members		
		1.1.3		Existence of Section (Body) that Handles Public Relations		
			1.1.3.1	Contact Details/ Opening Hours		
			1.1.3.2	Person responsible		
			1.1.3.3	Information About Cooperative Secretary		
2				TRANSPARENCY		
	2.1			Core Functions of Ownership		
		2.1.1		Management Responsibilities		
			2.1.1.1	Important mechanism decisions must be taken at the annual general meeting		
			2.1.1.2	There are reports that Management is responsible for bad debts and tries to keep bad debts to a minimum		
			2.1.1.3	Storage of important documents 3 - 5 years		

		2.1.1.4	Report on the analysis and evaluation of performance results uploaded no later than before the RAT		
		2.1.1.5	An analysis and evaluation report on the results of the work plan uploaded no later than before the RAT		
		2.1.1.6	A written report on the analysis and evaluation of RABK results which is uploaded no later than before the RAT		
	2.1.2		Open Voting Procedures		
		2.1.2.1	Voting procedures in the RAT		
		2.1.2.2	Authorized/represented voting procedure		
		2.1.2.3	direct voting <i>real-time voting</i>		
		2.1.2.4	Internet voting		
	2.1.3		Announcement About the Annual Member Meeting (RAT)		
		2.1.3.1	Instructions on the minimum deposit amount to hold an annual member meeting		
		2.1.3.2	Indication of the date, time and place of the meeting		
		2.1.3.3	Mention of the meeting agenda		
		2.1.3.4	Report on the results of the annual member meeting (RAT)		
		2.1.3.5	Deadline for returning the power of attorney form		
		2.1.3.6	recent amendments/proposals at the annual member meeting (RAT)		
		2.1.3.7	Procedure for submitting questions at the annual member meeting (RAT)		
		2.1.3.8	Latest detailed voting results		
		2.1.3.9	Archive of previous meetings with detailed voting results		
	2.1.4		Active Participation In RAT		
		2.2.4.1	Cooperative advisory speech publication		
		2.2.4.2	Publication of speeches of cooperative management		
		2.2.4.3	Publication of cooperative supervisor speeches		
		2.2.4.4	Publication of cooperative member hearing meetings		
		2.2.4.5	publication of the overall annual member meeting on the internet		
	2.2		Transparency Procedure		
	2.2.1		Digitization of Cooperative Information		
		2.2.1.1	There are media facilities to disseminate information on cooperatives, not just based on website pages		
		2.2.1.2	There is an application for digitizing cooperatives that is linked to the cooperative's website		

		2.2.2		The Difference Between Audited and Unaudited Information		
			2.2.2.1	There are pages of warnings, notifications, and emphasis on audited and unaudited data		
			2.2.2.2	there is a direct link from the legal section on the cooperative's website		
			2.2.2.3	avoid audited and non-audited data presented on the same page		
		2.2.3		Storage Time of Cooperative Report Information on Website Pages		
			2.2.3.1	Three years		
			2.2.3.2	Over Three Years		
		2.2.4		Financial Calendar		
			2.2.4.1	Availability of a financial calendar on the company's website		
		2.2.5		Auditors		
			2.2.5.1	Internal Audit Unit Information		
			2.2.5.2	Hired auditor		
			2.2.5.3	Fees for non-audit services		
		2.2.6		Other reports		
			2.2.6.1	Environmental report		
			2.2.6.2	charity report		
			2.2.6.3	certification activity report		
			2.2.6.4	cooperative governance report		
		2.2.7		Expansion plan		
			2.2.7.1	The general development plan of the cooperative		
			2.2.7.2	HR development plan		

	2.3			Presentation of Financial Data		
		2.3.1		Financial Reports		
			2.3.1.1	There are complete and detailed on-time financial reports		
			2.3.1.2	Information on annual reports and cooperative accounts		
			2.3.1.3	statutory regulations applicable to annual reports		
		2.3.2		Time of Announcement of Financial Statements		
			2.3.2.1	Availability of quarterly reports on the cooperative website page		
			2.3.2.2	Availability of mid-year reports on the cooperative website		
			2.3.2.3	availability of annual reports on the company website		
		2.3.3		Scope of Capital Engagement		
			2.3.3.1	Instructions Capital involvement in registered cooperatives		
			2.3.3.2	Instructions for capital involvement in unregistered cooperatives		
3				RESPONSIBILITY		
	3.1			PROFESSIONAL		
		3.1.1		Cooperative Independence		
			3.1.1.1	Cooperative decisions must be made independently (Confirmed by Supervisors and		
			3.1.1.2	There is Separation between USP and Non-USP management		
			3.1.1.3	Presentation of USP financial reports separately from non-USP units		
	3.2			Cooperative Ethics		
			3.2.1.1	There is a cooperative code of ethics		
			3.2.1.2	There is an integrity pact for management and supervisors including freedom from conflicts of		

		3.1.1.7	there is an appropriate remuneration system for the management level		
	3.3		FAIRNESS / JUSTICE (BALANCED TREATMENT		
		3.3.1	Information Disclosure		
		3.1.1.1	Deposit bonus announcement		
		3.1.1.2	Information on additional capital without pre-emptive rights		
		3.1.1.3	Report on material transactions and changes in business activities		
		3.1.1.4	English version page		
		3.1.1.5	Accessibility and compliance with the discrimination laws on persons with disabilities		
		3.3.2	Borrowing Procedures and Annual Member Meetings		
		3.3.2.1	There is an announcement of procedures for borrowing at USP/KSP which are equivalent for		
		3.3.2.2	Same interest rate policy for members' voluntary deposits		
		3.3.2.3	Notification of the annual member meeting of the RAT is conveyed to all members via the website page		
		3.3.2.4	Comprehensive distribution of RAT results reports		
		3.3.2.5	Announcement of awards for outstanding members that are considered through length of service,		
		3.3.2.6	Announcement of awards for members with poor performance which are considered through length of		
4			ACCOUNTABILITY		
	4.1		Organizational and Management Accountability		
		4.1.1	Legality and Managerial		
		4.1.1.1	There is Legality of a legal entity as evidenced by the deed of establishment and validation of the SK		
		4.1.1.2	There is legality of a legal entity as evidenced by having a certificate of cooperative identification		
		4.1.1.3	There is a report on efforts to increase member participation in capital accounting (in the form of		

		4.1.1.4	There have been reports of increasing member transactions with cooperatives		
		4.1.1.5	There is an announcement of job descriptions and job specifications		
		4.1.1.6	There is an organizational structure		
		4.1.1.7	there is an indication that there are no duplicate positions and vacant positions		
		4.1.1.8	Standard Operational Procedure (SOP) for cooperative institutions is available		
		4.1.1.9	Cooperative Standard Operational Management (SOM) is available		
		4.1.1.10	Implementation of RATs on a regular and timely basis and in accordance with applicable laws and		
		4.1.1.11	There is an announcement that the RAT decision is ratified		
		4.1.1.12	There is cooperation training for administrators and supervisors		
		4.1.1.13	There is a competency-based assessment given to employees/management		
		4.1.1.14	there is formal education available for administrators and management		
		4.1.1.15	There was an announcement about the addition of the number of members in the last year		
		4.1.1.16	There is an announcement about the number of members who left in the last year		
		4.1.1.17	There is information about awards received by cooperatives in the last 3 years, both from within and outside the		
	4.2		Cooperative Business Accountability		
		4.2.1	Business and Inter-Business Relations		
		4.2.1.1	There is a report on the suitability of cooperative business licenses with business activities		
		4.2.1.2	There are reports of business involvement between members/transactions between members		
		4.2.1.3	there are reports about the relationship between cooperative businesses and members as providers of goods and services		
		4.2.1.4	There are reports of an increase in turnover		
		4.2.1.5	there is a report that the percentage of profit has increased compared to the previous year		

		4.2.1.6	The cooperative has a written work plan report for at least 3 years		
		4.2.1.7	cooperatives have a minimum 1 year plan report as a guideline for short-term cooperative operational activities		
		4.2.1.8	there is a vision, mission, goals, and work plans		
		4.2.1.9	There is information about operational decisions taken by managers independently which has been confirmed to		
	4.3		Financial Accountability		
		4.3.1	Finance and Audit		
		4.3.1.1	There is a report on the ratio of own capital which is greater than loan capital		
		4.3.1.2	There is a report on the cooperative's ability to provide funds to meet maturing obligations		
		4.3.1.3	There is an increase in mandatory savings in real terms compared to mandatory savings		
		4.3.1.4	there is a report on the cooperative's ability to fulfill its obligations (solvency) the percentage of assets with		
		4.3.1.5	There is a report on the ratio of net profit to assets (Return on Assets)		
		4.3.1.6	There is an additional percentage from the previous year		
		4.3.1.7	there are completeness of presentation of internal financial statements (balance sheet, PHU, cash flows,		
		4.3.1.8	There is a report regarding the Cooperative having been audited by KAP		
		4.3.1.9	There is an opinion on KAP audit results		
		4.3.1.10	There is a report on the ratio between operating income and operating costs		
	4.4		Capital		
		4.4.1	Cooperative Capital Growth Rate		
		4.4.1.1	There is information on own capital growth with or greater than asset growth (calculated based on data on the balance		
		4.4.1.2	There is information on the growth of own capital from members of at least 10% compared to the previous year		
		4.4.1.3	There is a report of allowance for reserves from SHU equal to or greater than a quarter of SHU for the current year,		

		4.4.1.4	There is information on fixed asset investment from inventories and office expansion funds financed with		
	4.5		Earning Asset Quality		
		4.5.1	Loans and Credit		
		4.5.1.1	There is a report on current collectibility of at least 90% of the loan provided, as evidenced by the loan settlement		
		4.5.1.2	There is information that every loan provided with collateral has a value equal to or greater than the loan		
		4.5.1.3	There is information on reserve funds for credit write-off equal to or greater than the annual bad loans as evidenced		
		4.5.1.4	There is information that last year's non-performing loans can be billed at least one-third and is		
		4.5.1.5	There is information that cooperatives carry out loan procedures effectively which is checked		
		4.5.1.6	There is information about cooperative KSP/USP implementing transparent loan procedures		
		4.5.1.7	There is information about the decision to borrow and/or place funds made by the committee (must include the		
		4.5.1.8	There is information about cooperatives that analyze, study, and bind collateral (evidenced by binding documents and/or		
	4.6		Liquidity		
		4.6.1	Control system and management information system		
		4.6.1.1	Information that the cooperative has a written policy regarding liquidity control as evidenced by written		
		4.6.1.2	Information that the cooperative has effective administrative guidelines to monitor maturing obligations		
			there is information that the management information system is adequate for monitoring liquidity		
	4.7		Independence and Growth		
		4.7.1	Profitability and Independence of Cooperatives		
		4.7.1.1	There is a report that the asset profitability ratio has increased in the last two years.		
		4.7.1.2	There is a report on the profitability ratio of the model itself which has increased in the last two years		
		4.7.1.3	there is a report on the ratio of service operational independence which has increased in the last two years		

		4.7.2		Gross and Cooperative SHU		
			4.7.2.1	There are reports that the gross enrollment ratio has increased in the last two years		
			4.7.2.2	There is a report on SHU profits on principal savings plus mandatory savings		
			4.7.2.3	There is a statement letter to become a cooperative member based on a voluntary		
	4.8			INSTITUTIONAL		
		4.8.1		Security Systems and Cooperative Plans		
			4.8.1.1	The cooperative has a good security system for all important documents, for example using an encryption		
			4.8.1.2	There is a RENSTRA (Vision, Mission, objectives, targets, programs and annual activities)		
			4.8.1.3	There is a report on a budget plan (RAPBK)		
			4.8.1.4	There is a work evaluation report on the Cooperative income and expenditure budget plan (RAPBK)		
			4.8.1.5	There is information that cooperatives work with other parties and/or other cooperatives to improve work		
			4.8.1.6	There is information that cooperatives have entered into business partnerships with cooperatives/other		
	4.9			Cooperative Compliance with Regulations Related to Cooperative Regulations		
		4.9.1		Tax and Certification		
			4.9.1.1	There is information related to management, supervisors, and management of cooperatives that must have an NPWP		
			4.9.1.2	There is information related to competency certification from cooperative certification bodies (LSP) for		
			4.9.1.3	Information related to USP/KSP has a special permit issued by the relevant agency		
			4.9.1.4	There is information about cooperatives reporting tax returns on time in the last two years		
			4.9.1.5	Information on the financial statements submitted in the SPT report is a report audited by the KAP		
			4.9.1.6	There is information on how cooperatives calculate, drive, and report VAT and PPh as well as other tax obligations.		
	4.10			Cooperative Compliance with Indonesian Standard Financial Accounting		

		4.10.1		Reports		
			4.10.1.1	Cooperative financial reports are guided by SAK ETAP		
			4.10.1.2	Preparation of USP financial reports separately from non-USP units		
			4.10.1.3	USP and Non USP consolidated financial statements		
			4.10.1.4	There is information on the preparation of financial reports based on accounting information systems		
	4.11			Cooperative Benefits for Members		
		4.11.1		SHU and Member Business		
			4.11.1.1	There is a report on the increase in surplus SHU received per member per year		
			4.11.1.2	There are reports of members whose businesses are promoted (Micro to small and small to		
			4.11.1.3	There are goods/services offered at a lower price than competitors		
	4.12			Benefits of Cooperatives for Society		
		4.12.1		Labor and Charity Activities		
			4.12.1.1	There are workers from the environment around the cooperative		
				Cooperative contributions in the form of financing for religious, social, community, health, educational activities		
5				TECHNICAL ACCESSIBILITY		
			5.1.1.1	Supported browsers (Explorer, Opera, Firefox, Chrome)		
			5.1.1.2	Compliance with the W3 consortium		
			5.1.1.3	Pages can be printed		
			5.1.1.4	Website page security		
	5.2	5.2.1		Functions/Uses		
			5.2.1.1	Sitemap		

			5.2.1.2	Search engine		
			5.2.1.3	Personalization (Require login or not)		
	5.3			Annual Report and Use of Account Data		
			5.2.1.1	Availability of data for instant review of search formats		
			5.2.1.2	Financial data presented in Microsoft Excel format		
			5.2.1.3	availability of financial data using language ready to be processed in a certain format (XBRL)		
			5.2.1.4	whistleblowing system		

Conclusion

Based on the discussion and results of the research that has been described previously, the authors conclude that cooperative governance plays a very important role in improving cooperative institutions. In addition, detailed cooperative governance can help cooperatives to avoid fraud and can be one of the measuring tools for whether the cooperative is a cooperative with good governance or not. The better the management of cooperatives is carried out, the less likely financial crimes will be, the services will increase and the maximum benefits of cooperatives will be felt.

The researcher also suggests for related agencies or stakeholders to help and assist cooperatives in implementing cooperative governance systems so that supervision can be carried out properly via the internet using website media.

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