

## DETERMINANT ANALYSIS OF RESIDUAL NET INCOME IN THE SHARIA COOPERATIVE: COMPANY SIZE AS MEDIATOR

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### Abstract

*This study aims to identify the effect of owner's capital and financing to residual net income (SHU), and how its effect when mediated with total assets. The population in this research are all Sharia Cooperatives which operates in Semarang regency, there are 25 cooperatives. Sampling technique used was purposive sampling technique, which finally obtained 13 cooperatives with 5 years' period of observation. The method of analysis used to answer the hypothesis in this research are Path Analysis and Sobel Test. The results of this study indicates that owner's capital and financing have a significant positive effect on total asset, owner's capital has significant positive effect on net income, financing has no significant effect on net income, total asset has insignificant positive effect on net income, total asset did not succeed in mediating the effect of owner's capital on net income, and total asset succeed in mediating the effect of financing on net income.*

**Keywords:** *Financing; Net Income; Owner's Capital; Total Assets.*

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## INTRODUCTION

Cooperative according to Law No. 25 of 1992 about Cooperatives is a business entity consisting of individuals or legal entities with the fundamental of Cooperative activities based on the principle of cooperation as well as society's economic movement based on family principles. The focus of the cooperative development had changed from many cooperatives into a more qualified cooperative, it was marked by the reformation started in 2014. The cooperative reform is a step performed by the Ministry of Cooperative and SMEs to create qualified cooperative, one thing that is done is the strict supervision of the cooperative. During the three years of the implementation of cooperative reforms, the government through the Ministry of Cooperatives and SMEs have dismissed as many as 40.013 cooperatives. This was conveyed by Minister of Cooperatives and SMEs in a Press Conference three years Joko Widodo-Jusuf Kalla Government at the Presidential Staff Office, Jakarta, on Tuesday, October 17, 2017 ([www.liputan6.com](http://www.liputan6.com)). The dissolution done on the cooperative that are inactive and unhealthy.

Based on data from the Ministry of Cooperatives and SMEs quoted from Indonesian Statistics Publications, Central Java became the second province after East Java which has the highest number of active cooperatives nationwide since the year 2011 to 2016. The number of active cooperation is expected to stimulate the economy of the region that can then be improving welfare. The Residual Net Income (SHU) obtained in each period is one of the criteria for assessing the extent to which the cooperative can provide welfare for its members (Winarko, 2014),

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Semarang Regency is one of regencies in Central Java with a good cooperative development. Although not an area that has the largest number of cooperatives but based on Summary of Performance of Cooperative Division of Small and Medium Enterprises Central Java province in 2016, the percentage of inactive cooperatives in Semarang district is at the third lowest after Magelang City and Wonogiri County. Based on Ministry of Cooperatives and SMEs quoted from Indonesian Statistics Publications, SHU conditions in Central Java cooperatives has increased during 2011 to 2016. On the contrary, SHU acquisition in Semarang District has been fluctuated and even declined in the period 2012 to 2013 amounted to 19, 53% and to 26.94% from 2015 to 2016.

Regent of Semarang, Dr. H. Mundjirin ES said that the Government has dismissed 174 cooperatives in Semarang district until September 2017 ([www.radarsemarang.com](http://www.radarsemarang.com)). Among dissolution by the government, the leading Islamic financial institutions in Semarang Regency also declared bankrupt. Baitul Maal wat Tamwil (BMT) Fajar Mulia which has been operating since 1996 bankrupt after hundreds of debtors defaulted on their loans, amounting to a total of Rp 3 billion ([www.jateng.tribunnews.com](http://www.jateng.tribunnews.com)). Fajar Mulia BMT management failures can impact on people's perceptions of the performance of other cooperatives credit unions. BMT is one of the driving Islamic financial institutions in Indonesia. As a microfinance institution that is still growing, sharia cooperatives need to improve and maintain its performance in order to gain credibility in the eyes of the people (potential customers).

The cooperative development of sharia not escaped from the attention of the government. Based on a press release issued by the Ministry of Cooperative and SMEs Public Relations on October 29, 2016, the number of co-operative business units reaching to 150.223 business units, and of these 1.5% were Sharia Financing Credit Unions (KSPPS) ([www.depkop.go.id](http://www.depkop.go.id)). When compared with the number of conventional cooperatives, sharia cooperatives are still low in Indonesia. So feared in this cooperative reform, the number of sharia cooperatives will decrease if it is not able to maintain its quality and existence. One of the factors affecting the existence of the cooperative in the global economy is the magnitude of its residual net income (SHU)(Sudaryanti & Sahroni, 2017),

SHU conditions at Cooperative Credit Unions (KSP) in Semarang Regency fluctuated in the period 2011-2015 and significantly decline in 2013, 2014, and 2016. Although not the only measure of the welfare of the members, a decreased in SHU feared could affect the existence and public confidence in the performance of cooperatives. In Semarang regency, KSP is one type of cooperatives that has been constantly increased in quantity from year to year. As one of the cooperatives that can maintain its presence and have a high enough volume of business, the existence of KSP in Semarang Regency is expected to help improve the condition of the economy and the welfare of society. Nevertheless, the condition of SHU at KSP in Semarang Regency has fluctuated over the period 2011-2015 and significantly declined in 2013, 2014 and 2016 (Table 1).

**Table 1.** SHU development, Owner's Capital, and Business Volume of KSP in the Semarang district. (in Rp Millions)

Year	SHU	Owner's Capital	Business volume
2011	5,515	10.283	59.592
2012	5,975	10.288	76.641
2013	3,871	20.346	82.346
2014	1115	13.847	59.286
2015	1,559	16.858	84.138
2016	612	16.387	91.382

Source: Semarang Regency in Figures 2017 ([Www.bps.go.id](http://Www.bps.go.id))

Based on the relation to the participation and position as a member of the cooperative owner and user of services, SHU decline in 2013 occurred when the volume of business and the owner's capital, which is the main capital of cooperatives has increased from the previous year. SHU Decrease in 2014 is directly proportional to the development of business volume and owner's capital also decreased. Meanwhile SHU significantly declined in 2016 just as its business volume increased from the previous year. This situation becomes interesting to study because the majority of the SHU declined occurred during the owner's capital and business activity has increased.

In some study about the SHU, researchers who use the variable total assets as an intervening variable is still rare. Winarko (2014) studied the influence of the owner's capital, the number of members and assets against SHU in Kediri cooperatives. The study obtained that asset is an independent variable that has the most dominant influence than the variable owner's capital and the number of members. Sudaryanti & Sahroni (2017) also conducted a research on SHU by using variable of number of members, external capital, and total assets as independent variables. The results of the research explained that total asset was the most dominant influence on SHU. Based on these previous studies, this study will raise owner's capital and the amount of financing as a factor affecting the SHU, and how they affect when mediated by total assets. By knowing the magnitude of the effect of each variable, Cooperatives can maximize the most influential variables and optimized the management of other variables.

*Stakeholder* by Freeman (1984) as quoted by Tristianasari & Fachrurrozie (2014) is identified as an individual or a group who can affect and / or influenced by the organization as a result of its activities. As the owner and the customer of the service provided, members are the main stakeholder of cooperatives. Cooperative members in their capacity as the owner can affect the organization in terms of capital accumulation. Capital in the cooperative is basically used to serve its members and the surrounding community, with emphasis on services for members (Sitio and Tamba, 2001: 29), Credit unit use the capital to purchase inventory and supplies items, procuring of facilities for conducting business and granting credits for its members (Kartasapoetra, 2013: 46), Based on this, it can be said that the availability of capital will add to the wealth or the number of cooperative assets, either in the form of fixed assets and productive assets which are used to conduct business. Based on the explanations, we propose the following hypothesis:

**H1: Owner's Capital has a significant and positive affect on total assets.**

Ghozali & Chariri (2014: 439) explained that the existence of a company is strongly influenced by the support provided by the stakeholders to the company, while Sitio and Tamba (2001: 72) explained that the system of cooperative membership is the identity and value of cooperative excellence. Likewise, it can work or not depends on the participation of cooperative members. According to Hanel (2005: 78), in their capacity as a customer, the members take advantage of the service provided by the cooperative to support their interests. The core value of Islamic law is the prohibition of giving interest or *riba* (Mukhibad, 2017), Therefore, sharia cooperative do not use interest system to take gain or advantage in their business activities. Their commercial transactions carried out through a sales and purchase agreement and an agreement such as *Mudaraba* or *Musharaka* (Fajriati, 2016), The high amount of financing provided by the cooperative showed that the cooperative has sufficient cash flow to meet the funding needs of the members. Therefore, a high amount of financing will positively affect total assets. In addition, revenues generated from financing activities to members will also add to the wealth or assets of the cooperative itself. Sudrajat & Suhadi (2015) found that financing activities affect the total assets of BPR Sharia. This research suggested that the financing service is an asset for BPR Sharia, so that the more financing service distributed, the more assets will grow. Omar (2010) said that the outstanding loan amount is dependent upon the activity of its members, the more each member borrows, the greater the collected assets. Based on these explanations, we propose the following hypothesis:

**H2: Total amount of financing has a significant and positive effect on total assets.**

Tere et al. (2014) said that the capital is the most important thing and has relation with the return of profitability. Preferably cooperative venture capital comes from members, the source of capital come from the principal and mandatory savings (Raidayani, Muhammad, and Faisal, 2016). Refers to the economic theory, cooperatives as socio-economic organizations, the criteria of identity or a dual role of a member of the cooperative as owner and customer of services show that the sustainability of activity and the existence of cooperatives depend on the role or participation of members. The capital contribution of the members will strengthen the cooperative condition so as to meet the funding requirements, then the result of the service activity will be enjoyed and returned to the members themselves. Hanel (2005: 48) explained that the profitable SHU is also needed by the cooperative, at least for the formation of reserves and the portion SHU to be paid to the members. SHU amount for members will differ depending on their capital participation (principal and mandatory savings) and their activities to the contribution of cooperative revenue. Therefore, it can be said that there is a relationship between the amount of owner's capital to the earning of SHU cooperative. Research by Haidir et al. (2017), Amiruddin & Martahadi (2015),

Winarko (2016) and Wahyuning (2013) explained that there is a positive and significant effect of owner's capital to SHU. Based on these explanations, we propose the following hypothesis:

**H3: Owner's capital has a significant and positive effect on SHU.**

Cooperative members have a dual identity, namely as the owners and the customers of cooperative services. As a customer, members can participate by performing financial activities such as getting a loan (Cahyani, 2015). Sitio and Tamba (2008: 28) explained that the cooperatives revenue was derived from services to the members and community. Every active member who provides active participation in the cooperative business will get part of the net income that is greater than a passive member. Thus, the benefits of which will be given by the cooperative to its members can not be separated from their participation or activity. Winarko (2014) explains that SHU obtained in each period is one of the criteria for assessing the extent to which the cooperative can provide prosperity for its members. According to the Stakeholder Theory, cooperatives as an entity not only operates for its own interests, but also must provide benefits to its stakeholders. Sitio and Tamba (2001) explained that the cooperative is a form of organization that consists of a collection of individuals, of course, everyone with the same goal can participate to obtain any benefit from the advantages / profit derived from members and distributed to members. Thus, the benefits of which will be given by the cooperative to its members can not be separated from participation or activity of members himself. Research by Son, et al. (2014) found that there was no significant effect of members participation as customers to the acquisition of SHU. Research result from Wijayanti (2017) and Dewik & Jember (2016) explained that the loan amount has a positive and significant effect on SHU. Based these explanations, we propose the following hypothesis:

**H4 : Total amount of financing has a significant and positive effect on SHU.**

Excess Revenue over expense in a period is called cooperative income. Excess profits after deducting for reserve fund as a capital contribution is called residual net income (SHU). Thus, in the cooperative, the ability to generate earnings can be viewed through SHU obtained annually. Assets are the assets owned and managed by cooperatives to support its operations. Ideally, the amount of assets owned by the cooperative will contribute greatly to the SHU when the assets were dominated by productive assets, which are assets used for business activities of cooperatives that will produce profits. Richardson (2008) in Tere et al. (2014) said that in terms of asset size that are closely linked to the increase in revenue, is highly dependent on the financial structure of its composition of the asset structure effectively. As a social system, the objective of cooperative is not solely profit-oriented, but also on the benefits oriented, whereas as an economic system, the purpose of the cooperative is to provide welfare for its members. Assets as one source of cooperative funds are used to provide services to members. From these services, it is expected that the cooperative to get more value from the difference between the cost of service and its revenue (Sitio and Tamba, 2001: 29). The difference between revenue and expense will be distributed again to the members in proportion to their participation in business activities. The effect of cooperative assets with residual net income (SHU) in line with research Tere et al. (2014), Raidayani et al. (2016), and Winarko (2014). Based on these explanations, we propose the following hypothesis:

**H5 : Total Assets has significant and positive effect on SHU.**

Khandoker, et al. (2013) explained that the total assets are considered as a benchmark measurement of the financial stability of the most prominent financial institutions, stakeholders generally view financial institutions more superior than others if total assets are higher than other institutions. A large amount of asset in the cooperative shows the magnitude of the cooperative, a large cooperative will be able to serve the fund needed by its members. With the fulfilment of funding requirements, the cooperative business activities can proceed smoothly (Winarko, 2016). Research by Sudaryanti & Sahroni (2017) indicated that the addition of total assets to the credit unit will provide a greater opportunity for the cooperative to distribute more loans. The higher the cooperative productive activities, the higher it will generate profit which can then increase the SHU. Research by Haidir et al. (2017) explained that with their own capital are getting bigger and continues to increase each year, the cooperative can develop their efforts smoothly without any obstacles from the side of capital, which in turn will increase the SHU. In line with this, Palupi (2015) explained that the high value of the bank's equity will be able to improve its capital structure to ensure the risk of placement of productive assets, one of which is the provision of credit / financing, with the aim to generate profit. Earning asset quality reflects the company's good performance (Iman & Adityawarman, 2015). Ponce (2012) in Tere et al. (2014), argued that the proportion of owner's capital to total assets is one factor that can determine and affect profitability.

This is understandable because the credit unit rely on the strength of the owner's capital in the form of savings shares. The deposit capital growth can provide their own capital adequacy. The capital will be changed to assets that can generate profits. Based on these explanations, we propose the following hypothesis:

**H6: Owner's Capital has a significant and positive effect on SHU with total assets as mediator.**

One of the criteria of cooperatives as social-economic organizations by Hanel (2005: 38) is a cooperative company was commissioned to support the interests of the members of the cooperative group, by providing or offering goods and services required by the members in their economic activities. In their capacity as customer of cooperative services, members take advantage of the service provided by the cooperative entity to support their interests (Hanel, 2005: 78). The amount of financing will affect the total assets due to high refinancing activity that will improve the composition of productive assets. Faith & Adityawarman (2015) explained that the amount of financing related to productive assets since if the amount of financing is extended to other parties and it may not be recoverable, the asset becomes no longer productive. The quality of productive asset reflects the company's good performance. Sitio and Tamba (2001: 28) said that the revenue of cooperative was derived from services to members and community. Thus, it can be said that the amount of financing will affect the total wealth or assets that will generate revenue for the cooperative with the assumption that these assets are used as a source of fund of productive activities. Research result from Omar (2010) said that the outstanding loan amount is dependent upon the activity of its members, the more each member borrows, the greater the collected assets. Richardson (2008) in Tere et al. (2014) said that in terms of asset size that are closely linked to the increase in revenue is highly dependent on the financial structure that is classified as the effective asset structure. Based on these explanations, we propose the following hypothesis:

**H7: The amount of financing has a significant and positive affect on SHU with total assets as mediator.**

## RESEARCH METHODS

This study uses a quantitative approach. The data of this study is a secondary data taken from the report of the Annual Members Meeting (RAT) of each BMT from 2013 to 2017. The population of this study are all Islamic Cooperatives that operates in Semarang district based on the list of the Ministry of Cooperatives and Small and Medium Enterprises of Republic of Indonesia, which includes 25 cooperatives. The sampling technique used purposive sampling where the criteria are cooperatives within the Association of Indonesian BMT (PBMTI).

**Table 2.** Sampling

No.	Sample criteria	total
1.	Sharia cooperative operating in Semarang District from the list of the Ministry of Cooperatives and Small and Medium Enterprises of the Republic of Indonesia	25
2.	Cooperatives Sharia within the Association of Indonesian BMT	13
	Research Period (Years)	5
	Total Unit Analysis	65

Source: processed from various sources (2018)

Variables used in this research is the dependent variable, independent variable, and intervening variables. The dependent variable in this study is SHU. SHU measurements based on the Law No. 25 of 1992 on Cooperatives, which says that the SHU is obtained from the cooperative income in the fiscal year reduced by expenses, depreciation, and other liabilities, including taxes in the fiscal year concerned.

The independent variable in this study is the Owner's Capital and Total Financing. Owner's capital according to Law No. 25 of 1992 concerning Cooperatives consists of member's principal savings, compulsory savings, reserve fund, and donations / grants. So that the Owner's capital can be calculated using the formula:

Owner's Capital = Principal + Deposit Required + Grant Reserve Fund..... (1)

Ismail (2011: 105) defines financing as BMT activity in distributing funds to a party other than BMT based on Islamic principles. In summary, Wartono (2018) defines financing as loan facilities to meet the needs of members and customers to finance their business. Based on such understanding, the variable amount of financing in this study will be measured by the amount of financing provided by the cooperative in its period.

Intervening variables in this study is total assets. Measurement of assets in this study based on the Regulation of the Minister of Cooperatives and Small and Medium Enterprises No. 14/Per/M.KUKM/IX/2015 about the Guidelines for Business Accounting and Financing Savings and Loans Sharia Cooperative by explaining that the component assets are current assets and non-current assets. Therefore, the amount of assets can be formulated as follows:

Total Assets = Current Assets + Non-Current Assets..... (2)

Data analysis tools use IBM SPSS Statistics 21. Methods of data analysis use path analysis and Sobel test with significance level of 5%. As part of the regression analysis, the method needs to meet the requirements to qualify for the classic assumption test including normality test, multicollinearity test, heteroscedasticity test and autocorrelation test.

## RESULTS AND DISCUSSION

### Results

Results of a descriptive analysis of the variables in this study is presented in Table 3 as follows:

descriptive Statistics					
	N	Minimum	maximum	mean	Std. deviation
Ln Owner's capital	65	17:49	21.71	19.7886	1.17385
Ln Financing	65	20:55	23.85	22.5357	0.76230
Ln Total Assets	65	21:57	24.26	23.0472	0.66843
Ln SHU	65	16:19	20.70	18.3414	1.04326
Valid N (listwise)	65				

**Table 3**, Descriptive Statistics Analysis Test Results

Source: processed Secondary data (2018)

Normality test results demonstrate the value of the Kolmogorov-Smirnov (KS) of 0.345 in the regression model 1, and 0.770 in regression models 2. It shows the normal distribution of the data. Multicollinearity test results showed that the regression model 1 or 2 no independent variables have a tolerance value  $< 0.1$  and  $VIF > 10$ . Thus, it can be concluded there is no any multicollinearity between independent variables. Heteroscedasticity test with Gejser test method shows that in both regression models, none of the independent variables are statistically significantly affect the dependent variable's absolute residual value. Therefore, it can be concluded that no symptoms of heteroscedasticity can be found. Autocorrelation test results show the run-test value test of 0.382 in regression models 1 and 0.902 in regression models 2. These values  $>$  specified significance level, which means the data that is used is random so as to avoid their autocorrelation. The result of regression analysis on each model are shown as follows:

$$Y1 = 5.363 + 0.090 X1 + 0.706 X2 + e1 \dots\dots\dots (3)$$

$$Y2 = -6.266 + 0.395 X1 + 0.259 X2 + 0.476 Y1 + e2 \dots\dots\dots (4)$$

The  $R^2$  in the regression model 1 (3) shows the number of 0.872 which means that the variable of owner's capital and the amount of financing may explain the total assets at 87.2%, while 12.8% is explained by other variables not examined in this study. In the second regression model, the  $R^2$  value indicates the number 0.778, which means that the variable owner's capital, the amount of financing and the total assets may explain the SHU at 77.8%, while 22.2% is explained by other variables not examined in this study, as shown in Tables 4 and 5.

**Table 4, Recapitulation Hypothesis Test Results (t-Test Statistic)**

Hypothesis	Statement	B	A	Sig.	result
H1	A significant and positive effect of owner's capital to total assets.	.090	0.05	0,034	accepted
H2	A significant and positive effect of the amount of financing to total assets.	.706	0.05	0,000	accepted
H3	A significant and positive effect of owner's capital to SHU.	0.395	0.05	0,000	accepted
H4	A significant and positive effect of the amount of financing to SHU.	0.259	0.05	0.261	Rejected
H5	A significant and positive effect of total assets to SHU	.476	0.05	0.076	Rejected

Source: Processed secondary data (2018)

**Table 5, Recapitulation Hypothesis Test Results (Test Sobel)**

Hypothesis	Statement	t	t table	result
H6	Owner's capital has a significant and positive effect on SHU with total assets as mediator.	1,308	1,671	accepted
H7	The financing has a significant positive effect on SHU with total assets as mediator.	1,777	1,671	accepted

Source: Processed secondary data (2018)

## Discussion

Owner's capital that consists of principal savings and mandatory savings is deposited as a form of participation of the members in their capacity as the owner of the cooperative. The capital will provide cash flow for the cooperative as additional funds; therefore, the increase of owner's capital will have a positive influence on the total assets of the cooperative. The results of this study demonstrate the significant positive effect of owner's capital to total assets. The increase in owner's capital will result in the increase in total assets of the cooperative. Based on research data shows that in general any increase in the owner's capital accompanied by the increase in the number of assets. Researchers suspect the owner's capital has been managed and used efficiently so that the increase in owner's capital will also increased the wealth of the cooperative. This study is consistent with research by Omar (2010) which explains that the more active membership their fulfilment of their obligations to pay principal savings and mandatory savings the faster the increase of assets or wealth of the cooperative. With the increase in these deposits, the availability of funds in the form of assets will further strengthen the cooperative credit ability. Tere et al. (2014) explained that credit units rely on the strength of their own capital in the form of savings shares. With deposit growth, cooperatives can provide their own capital adequacy. The capital will be changed in the form of assets that can generate profits. Indirani (2006) also explained that the greater the capital the more able the cooperative to support the growth of assets.

Total amount of funding that distributed reflects the level of participation of members in terms of utilizing the services provided by cooperatives. The high amount of financing provided by the cooperative showed that the cooperative has a high cash flow to meet the funding needs of the member. Therefore, a high amount of financing will positively affect total assets. In addition, revenues generated from financing activities to members will also add to the property or assets of the cooperative. Based on research data, it is known that the more tendency of cooperatives in financing or loan activities (the loan amount is greater), the higher the total assets. Results of this research confirms the results of the previous study by Sudrajat & Suhadi (2015) and Omar (2010). Research by Sudrajat & Suhadi (2015) explained that the financing variables affect the total assets of Islamic rural banks, while Omar (2010) said that the outstanding loan amount is dependent upon the activity of its members, the more each member borrows, the greater the collected assets.

Research data shows that generally cooperative with its own high capital ownership, will

also generating higher net income compared with cooperatives which has lower capital. The test results are in line with cooperative theory as a socio-economic organization. Dual identity or dual role of member as owner of the cooperative and customer of services show that sustained activity and the existence of cooperatives depend on the role / participation of its members. The capital contribution given by each member of the cooperative will strengthen the cooperative condition to meet the funding requirements. Consequently, the result of the service activity will be enjoyed and returned to the members themselves. Savings deposited by members of the cooperative will be used by the cooperative to serve their members. From the services, it is expected that the cooperative has more value from the difference between the cost of service and revenue (Sitio and Tamba, 2001: 29). These results support the results of the study by Haidir, et al. (2017), Amiruddin & Martahadi (2015), Winarko (2016) and Wahyuning (2013) which explains that there is a positive and significant effect of owner's capital to SHU.

As owner and customer of services provided by the cooperative, members can participate in terms of funding and in terms of business activities of the cooperative. The high ability of cooperatives in obtaining funding sources will not generate profits for the cooperative if not supported by the participation of members in the business activities, one of which financing activities. Hanel (2005: 48) explains that SHU is required by cooperatives to form a reserves account. Based on the distribution of research data, it is known that any increase or decrease in the amount of financing activities does not affect the increase or decrease in SHU. Researchers speculate that the lack of a significant effect is caused by the level of financing problems. The high number of financing activities is not accompanied by an increase in the number of SHU may be due to the high level of financing problems that occurred during the research's period. Vice versa, the amount of financing decreased from prior periods may increase the acquisition SHU if the problematic financing rates is low. The results of this study do not confirm the *stakeholder theory* as previously thought. This study is also inconsistent with the results of research by Son, et al. (2014), Wijayanti (2017) and Dewik & Jember (2016) who explained that the number of member loans has a significant and positive effect on the SHU.

Assets are owned and managed by cooperatives to support its operations. Ideally, the amount of assets owned by the cooperative will contribute greatly to the SHU when the assets are dominated by productive assets, which are assets used for business activities that will produce profits. The distribution of research data shows that in general, large cooperatives (high total assets) resulted in the greater net income than the other cooperatives which have a lower total asset. However, growth in the number of assets is not equal to the increase in SHU acquisition. The increase or decrease in the number of SHU looks more stable compared to the amount of assets that tend to be more volatile. Researchers speculate that this is due to the condition that not all components of the asset are a cash flow that can be used for productive activities and generate profits. So that a significant increase in total assets not always participated in the increase SHU. The results of this study are consistent with research by Winarko (2016) and Niswah (2017) that assets has no significant effect on the division of SHU. Tere et al. (2014) explain that in terms of asset size that are closely linked to the increase in revenue is highly dependent on the financial structure that is effectively managed.

Total assets can not mediate the effect of owner's capital to the SHU since the coefficient of the direct influence of owner's capital to the SHU is greater than the coefficient of the influence of owner's capital to the SHU with total assets as mediator. The function or the role of total assets as mediator in not evidenced in this result due to the more significant result of direct effect between owner's capital to SHU. Researchers suspect that these results are also due to the influence of owner's capital are not strong enough to total assets, or in other words the power of owner's capital to total assets amounted to affect the ability of owner's capital in influencing the SHU. The distribution of research data shows that the change in owner's capital more positively affect the change in the number of SHU. Which means, the general increase or decrease in owner's capital also cause the increases or decreases in the cooperative SHU. Whereas if the growth of total assets were compared with the SHU, growth in the number of assets is not equal to the increase in the SHU acquisition. Increase or decrease of the number of SHU looks more stable compared to the amount of assets that tend to be more volatile. Researchers speculate that not all components of the asset are assets cash flow that can be used for productive activities to generate profits. This notion is based on the explanation by Kartasapoetra (2013: 46-47) that inclined that in a savings and loans cooperative, capital is used to purchase goods and inventory; procurement of facilities



for business activities, and the credit loan for members. Therefore, the total asset can not mediate the effect of owner's capital to the SHU because the type of assets that dominate not the kind of assets that could be used for productive activities, so that the contribution of assets to the profitability was not significant.

Total assets managed to mediate the effect of the amount of financing to the SHU because the direct coefficient of the amount of financing influence the SHU is no greater than the coefficient of influence of the amount of financing to the SHU with total assets as mediator. The higher influence of the total assets to the SHU strengthen the weak influence between the amount of financing to the SHU. Based on the research, it is known that the regression coefficient total assets against SHU is greater than the coefficient of the amount of financing to the SHU. Significant influence between the amount of financing to total assets is enough to explain the role of the total assets as mediator variables that can strengthen the influence of the amount financing to the SHU. The financing will affect the total assets due to high refinancing activity that will improve the composition of earning assets. The results of this study confirm the theory of cooperatives as socio-economic organization. Richardson (2008) in Tere et al. (2014) say that in terms of asset size are closely linked to the increase in revenue is highly dependent on the financial structure that is effectively managed. It reflects the cooperative as a social organization since the purpose of the cooperative is not solely for profit, but also to provide services to its members. Sitio and Tamba (2001: 28) says that the revenue of cooperatives were derived from services to members and community. So, it can be said that the amount of financing that would affect the total wealth or assets will generate revenue for the cooperative with the assumption that these assets are used as a source of funding or as productive activities. This relates to the cooperatives as economic organizations since the aims of the cooperative is to improve the welfare of its members.

## CONCLUSION

Total assets are positively and significantly influenced by owner's capital and the amount of financing. Acquisition of SHU was positively affected by the owner's capital and total assets. Total assets managed to mediate the effect of the amount of financing to the SHU.

Total assets as an intervening variable successfully mediate the amount of financing to the SHU. This result implied that administrators and managers are expected to improve asset quality and enhance the productive assets. Significant influence among owner's capital to total assets and the SHU acquisition is expected to motivate Cooperative to maintain good relations with the members in order to avoid a reduction in the number of members. Future researchers are suggested to use the intervening (mediator) variables or other measurements that can strengthen the influence of the independent variable to the dependent variable (SHU). Since the variable of total assets can not have managed to mediate the full impact of the independent variable to the dependent variable.

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