

Financial Performance Analysis of Village Unit Cooperatives (Koperasi Unit Desa) Karangploso, Malang Regency

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INDEXING	ABSTRACT
<p>Keywords: Keyword 1; Financial Performance Keyword 2; Liquidity Ratio Keyword 3; Profitability Ratio Keyword 4; Solvency Ratio</p>	<p>This study aimed to determine the financial performance of KUD Karangploso for the last five years by analyzing the parameters of liquidity, solvency, and profitability. This study uses a quantitative descriptive research design. The data was used as financial statements for the KUD Karangploso period 2019-2023. Data analysis using ratio analysis in the form of liquidity analysis (Current Ratio and Cash Ratio), solvency ratio (Net Worth to Debt Ratio and Debt to Equity Ratio), activity ratio (Fixed Asset Turnover Ratio and Debt to Equity Ratio), and profitability ratio (Return on Assets and Return on Equity). The analysis results show that the financial performance of KUD Karangploso, based on the solvency ratio, faces challenges in maintaining its liquidity because the ratio value is below the standard. Furthermore, the analysis of solvency ratios shows good performance, although fluctuating, and analysis of Net Worth to Debt Ratio in 2019. Moreover, the study of profitability ratios shows unhealthy financial performance (ineffective). Karangploso Village Unit Cooperative (KUD) managers need to improve the efficiency of cash management and current assets, balance the capital structure by reducing long-term debt and increasing equity, and improve the effectiveness of asset management and equity to generate optimal profits through business diversification, increased operational efficiency, and product and service innovation.</p>

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INTRODUCTION

As the backbone of the rural economy, the Village Unit Cooperative (KUD) has the task of becoming a strong corporate organization. It can implement the principles of the cooperative. Dopson and Hayes (2019) asserts that the cooperative is a collective business entity that uses the concept of gotong royong to improve the quality of financial life of its members. This principle is realized through the desire to benefit others, based on the spirit of "one for all and all for one". KUD must effectively improve its performance as a company while maintaining the democratic principles that characterize cooperatives. KUD requires competent, focused, and results-oriented management to carry out its responsibilities and duties as efficiently as possible (Slamet and Hidayati, 2022). This competent management aims to provide enterprise services that deliver tangible benefits and added value to each member.

Cooperative financial performance is an essential indicator for assessing the effectiveness of financial management and the sustainability of cooperative operations. Cooperatives, as member-based economic institutions, require sound financial management to provide optimal benefits to their members (Wiyandarini *et al*, 2021). Cooperatives are companies established by people with the same goals and motivated by kinship and cooperation. In line with the ideals of cooperatives that prioritize unity

and mutual welfare, the capital used comes from member contributions. It is managed together to meet its members' economic, social, and cultural interests. This study aims to evaluate the financial performance of KUD Karangploso through ratio analysis of liquidity, solvency, and profitability.

LITERATURE REVIEW

Companies provide a comprehensive view of their financial performance and status through the production of financial statements, which enable internal and external stakeholders to evaluate, decide, and understand the company's overall development. Financial performance, according to Liow (2021), is a periodic assessment of the operational success of an organization and its employees based on predetermined goals, standards, and criteria. Using specific metrics, Baihaqi *et al.* (2022) explain that financial performance measures the company's capacity to generate profits. Thus, economic performance can be seen as evaluating the company's success in carrying out its financial operations by applicable laws and procedures.

The process of calculating various ratios to assess the company's past, present, and future financial status is known as financial statement analysis. To obtain a clear and correct understanding of the report, this method requires analyzing the financial statements into smaller components and carefully evaluating each component, according to Putra (2021). Therefore, for the findings to be genuinely reliable and helpful in making company decisions, financial statement analysis must be done correctly and with the proper procedures and approaches.

RESEARCH METHOD

Financial Ratio Analysis

The analysis of this study covers several vital areas of liquidity ratios, such as the ratio between current assets and current liabilities and between cash and cash equivalents and current liabilities, are calculated as part of the first step in studying capacity to meet short-term commitments. The second is an evaluation of the business's capacity to meet long-term obligations, which involves a comparison of total debt and equity and a comparison of total assets and debt. The third step is an examination of profit levels, which consists of determining the ratio of return on equity to return on assets. This is done to determine how well the business can make money from its capital and assets.

RESULT AND DISCUSSION

Liquidity Ratios

1. Current Ratio

The formula for measuring the Current Ratio is (Utami, 2017) :

$$\text{Current Ratio} = \frac{\text{Current Assets}}{\text{Current Liabilities}}$$

Table 1. Current Ratio

Year	current assets (Rp)	current liabilities (Rp)	Current Ratio	Standard Ratio	Description
2019	9.116.915.372	6.132.554.565	1,49	2 times	Not liquid
2020	10.259.617.457	7.065.071.893	1,45	2 times	Not liquid
2021	11.537.692.137	7.489.586.104	1,54	2 times	Not liquid
2022	13.738.780.003	9.160.970.624	1,50	2 times	Not liquid
2023	19.782.699.005	10.206.763.402	1,94	2 times	Not liquid

Current Ratio Village Unit Cooperative (KUD) Karangploso in 2019 amounted to 1.49 times, meaning that KUD Karangploso only has 1.49 times the current assets compared to short-term liabilities. Current Ratio Village Unit Cooperative (KUD) Karangploso in 2020 amounted to 1.45 times, meaning that KUD Karangploso only has 1.45 times the current assets compared to short-term liabilities. When compared with the standard ratio. Current Ratio Village Unit Cooperative (KUD) Karangploso in 2021 amounted to 1.54 times, meaning that KUD Karangploso only has 1.54 times the current assets compared to short-term liabilities. When compared with the standard ratio.

Current Ratio Village Unit Cooperative (KUD) Karangploso in 2022 amounted to 1.50 times, meaning that KUD Karangploso only has 1.50 times the current assets compared to short-term liabilities. When compared with the standard ratio. Current Ratio Village Unit Cooperative (KUD) Karangploso in 2023 amounted to 1.94 times, meaning that KUD Karangploso has almost 1.94 times the current assets compared to short-term liabilities. When compared with the standard ratio.

Based on the results of the analysis of the Current Ratio KUD Karangploso during the period 2019-2023, it can be concluded that the cooperative has not reached the ideal level of liquidity, because the ratio obtained is still below the standard. In addition to KUD, Karangploso can reduce current liabilities by delaying payment of short-term debt, seeking alternative funding with longer maturities, or renegotiating existing obligations.

2. Cash Ratio

The cash ratio equation is as follows (Mairafi *et al*, 2025) :

$$\text{Cash Ratio} = \frac{\text{Cash and Cash Equivalents}}{\text{Current Liabilities}}$$

Table 2. Cash Ratio

Year	Cash and Equivalent (Rp)	Current liabilities (Rp)	Cash Ratio	Standard Ratio	Description
2019	794.259.913	6.132.554.565	12,95	50%	Not liquid
2020	1.591.185.093	7.065.071.893	22,52	50%	Not liquid
2021	483.718.606	7.489.586.104	6,46	50%	Not liquid
2022	1.128.207.835	9.160.970.624	12,32	50%	Not liquid
2023	3.441.643.908	10.206.763.402	33,72	50%	Not liquid

Cash ratio Village Unit Cooperative (KUD) Karangploso in 2019 amounted to 12.95%, meaning that KUD Karangploso has cash and cash equivalents amounting to 12.95% of its total short-term liabilities. The cash ratio of the Village Unit Cooperative (KUD) Karangploso in 2020 amounted to 22.52%, meaning that KUD Karangploso has cash and cash equivalents amounting to 22.52% of its total short-term liabilities. This value is still below the standard ratio. Karangploso Village Unit Cooperative (KUD) reported having available cash of 6.46% in 2021. This indicates that the KUD's cash reserves can only cover 6.46% of its total short-term liabilities, thus putting it in a deplorable situation and outside the optimal range. The level of cash availability rose to 12.32% in 2022. Although higher than the previous year, this amount is still far from the requirement often used to promptly measure the capacity to pay short-term obligations. In addition, the cash availability rate rose to 33.72% in 2023, a considerable increase. Although an improvement over previous years, this figure is still considered inadequate to meet the criteria characterizing a good financial situation in terms of capacity to pay short-term obligations with cash.

The results of the Karangploso Village Unit Cooperative (KUD) analysis during the 2019-2023 period show that the cooperative experienced fluctuations in maintaining its liquidity. Throughout the period, KUD Karangploso's cash ratio never reached the 50% standard, indicating a healthy liquidity level. As shown by the fact that the cash ratio dropped significantly to only 6.46% in 2021, the cooperative had difficulty keeping cash and financial equivalents to meet its immediate needs.

Solvency Ratio

1. Net Worth to Debt Ratio

The Net Worth to Debt Ratio formula is as follows :

$$\text{Net Worth to Debt Ratio} = \frac{\text{Own Capital}}{\text{Total Debt}} \times 100$$

Table 3. Net Worth to Debt Ratio

Year	Own Capital (Rp)	Total Debt (Rp)	NWTDR (%)	Standard Ratio	Description
2019	5.102.479.668	15.077.716.361	33,84	50%	Not Effective
2020	6.070.212.190	7.962.373.461	76,24	50%	Effective
2021	5.865.577.915	9.094.885.994	64,49	50%	Effective
2022	6.068.348.431	10.958.893.548	55,37	50%	Effective
2023	6.458.499.096	16.879.212.195	38,26	50%	Not Effective

Based on the equity to total debt ratio, KUD Karangploso in 2019 amounted to 33.84%, and the capital owned could pay only a third of the total liability. Compared to generally accepted standards, this proportion indicates an imperfect financial condition. Since equity is more significant than debt, the ratio increased sharply to 76.24% in 2020, indicating a much better financial condition. In 2021, the percentage dropped to 64.49%; equity is still in a relatively good economic condition, as it is more significant than liabilities.

In addition, in 2022, the percentage fell again to 55.37%, although it was still higher than the optimal limit of 50%, which indicates that the financial condition is still quite solid. In 2023, the ratio dropped to 38.26%, indicating a decline in the effectiveness of financial management as the percentage of capital was lower than the total debt. There is variation in the Karangploso cooperative's capital to debt ratio from 2019 to 2023. Since equity can support liabilities as well as possible, financial performance is quite good from 2020 to 2022. In contrast, economic conditions were less than ideal between 2019 and 2023, as debt was more significant than capital.

2. Total Assets to Debt Ratio

The Debt to Asset Ratio formula is as follows (Harjanti *et al*, 2019):

$$\text{Total Assets to Debt Ratio} = \frac{\text{Total Debt}}{\text{Total Asset}} \times 100\%$$

Table 4. Total Assets to Debt Ratio

Year	Total Assets (Rp)	Total Debt (Rp)	TATDR (%)	Standard Ratio	Description
2019	20.180.196.028	15.077.716.361	133,84	100%	Effective
2020	14.032.585.651	7.962.373.461	176,24	100%	Effective
2021	14.960.463.909	9.094.885.994	164,49	100%	Effective
2022	17.027.241.979	10.958.893.548	155,37	100%	Effective
2023	23.337.711.292	16.879.212.195	138,26	100%	Effective

Comparison of all assets and total debt in KUD Karangploso in 2019 showed a result of 133.84%, which indicates that short-term and long-term liabilities can be covered by total assets owned. This shows that the financial condition of the cooperative is relatively safe. Because the cooperative's assets are much greater than its liabilities, in 2020, the proportion increased to 176.24%, which shows the cooperative's increasingly strong ability to pay off debts. Although slightly lower than the previous year, in 2021, the result of 164.49% still shows good financial stability. In addition, in 2022, it was recorded at 155.37%, further showing that the economic condition is still healthy because assets are still greater than total debt. The comparative value was 138.26% in 2023. This figure is still higher than the optimal threshold, although it has been declining since 2020, which indicates that KUD's assets are still sufficient to pay its debts. Based on the past five years' analysis, Karangploso Cooperative can manage its assets well enough to pay off its obligations. The cooperative's financial condition is relatively safe and stable, as indicated by the comparative value of over 100%.

Profitability Ratio

1. Return investment (ROA)

The formula for calculating Return on Investment (ROA) is as follows (Mareta *et al*, 2023) :

$$ROA = \frac{\text{Net Profit After Tax}}{\text{Total Asset}} \times 100$$

Table 5. Return investment (ROA)

Year	Net Profit (Rp)	Total Assets (Rp)	ROA (%)	Standard Ratio	Description
2019	484.523.035	20.180.196.028	133,84	30%	Not Effective
2020	752.183.189	14.032.585.651	176,24	30%	Not Effective
2021	342.594.232	14.960.463.909	164,49	30%	Not Effective
2022	390.014.521	17.027.241.979	155,37	30%	Not Effective
2023	427.592.689	23.337.711.292	138,26	30%	Not Effective

The ability of KUD Karangploso to generate profits from all its assets was recorded at 2.40% in 2019. In other words, the cooperative could only develop a net profit of 2.4 rupiah for every 100 rupiah of invested assets after tax. The figure rose to 5.36 percent in 2020, indicating that the utilization of assets to generate profits has improved. Despite the increase, this rate of return is still far below the optimal threshold.

The cooperative's ability to use its assets to generate net income declined again, as seen from the figures of 2.29% in 2021 and 2022. In 2023, the value dropped again to 1.83%, indicating an increasing lack of effectiveness in managing assets to generate profits. Overall, the financial performance of Karangploso cooperatives in making money from their assets is still inadequate, according to the analysis findings for 2019-2023. The figure shows that wealth management has not been done as well as expected because it is far below the recommended threshold of thirty percent. To maximize added value, the cooperative should improve asset management, cut non-urgent operational costs, and shift investments to more profitable industries to increase yields.

2. Return On Equity (ROE)

The formula for calculating Return on Equity (ROE) is as follows (Utami, 2017):

$$ROE = \frac{\text{Net Profit After Tax}}{\text{Total Equity}} \times 100$$

Table 6. Return On Equity

Year	Net Profit (Rp)	Total Equity (Rp)	ROE (%)	Standard Ratio	Description
2019	484.523.035	5.102.479.668	9,50	40%	Not Effective
2020	752.183.189	6.070.212.190	12,39	40%	Not Effective
2021	342.594.232	5.865.577.915	5,84	40%	Not Effective
2022	390.014.521	6.068.348.431	6,43	40%	Not Effective
2023	427.592.689	6.458.499.096	6,62	40%	Not Effective

KUD Karangploso's ability to generate net income from the owner's capital participation in 2019 is 9.50%. In other words, the cooperative can only develop a net profit of 9.5 rupiah for every 100 shares it owns. Financial performance improved in 2020, from a growth rate of 12.39%. Nonetheless, this figure is still very low compared to the anticipated optimal limit.

Using the owner's money to generate profits was less successful in 2021, with a significant decline to 5.84%. The percentage in 2022 improved slightly to 6.43%, while in 2023 it only grew somewhat to 6.62%. Although the value has increased, it is still far from sufficient.

The results of the overall analysis over the past five years show that Karangploso cooperatives have not been able to manage the owners' money efficiently to maximize profits. It is necessary to conduct a thorough assessment of the financial and operational plans of the cooperative because the ratio value is still below the optimal threshold of 40%. To achieve more optimal and sustainable results, the capital structure can be improved, wasteful operating costs can be reduced, and money management can be improved.

DISCUSSION

Financial Performance of Karangploso KUD Based on Liquidity Ratio

Based on the research results, this ratio shows an increasing trend from 2019 to 2023, but remains below the ideal liquidity standard. This trend continues with an almost similar ratio in subsequent years, with the highest value of 1.94 times in 2023, which still does not meet the minimum standards.

Despite the increase in 2023, this figure still indicates that the Karangploso Village Unit Cooperative (KUD) has not yet reached the optimal level of liquidity. This may be because current liabilities continue to grow faster than current assets. As such, the cooperative still faces challenges in ensuring the availability of sufficient current assets to meet its operational needs and short-term liabilities.

This less-than-liquid financial performance suggests that the cooperative should improve its asset management. Increasing operating cash flow, reducing inventory buildup, and improving the efficiency of receivables management are some ways to do so. The cooperative is expected to achieve a healthier liquidity ratio and support its operational sustainability with these strategies.

Overall, the analysis of the Current Ratio and Cash Ratio shows that Karangploso Village Unit Cooperative (KUD) still has challenges in achieving optimal liquidity levels. Despite improvements in 2023, the cooperative still needs to implement more effective financial management strategies to fulfill its short-term obligations better and improve economic performance sustainably.

Financial Performance of Karangploso KUD Based on Solvency Ratio

The first step in analyzing the financial performance of KUD Karangploso in this study is to evaluate the liquidity and long-term liabilities of the cooperative using two main indicators: the ratio of total debt to equity and total assets to total debt. An important metric for evaluating the cooperative's capacity to continue its financial viability is the ratio of equity to debt. The value of this ratio varied from 2019 to 2023, according to the findings of the analysis. The percentage was 33.84% in 2019, which means that equity was only about one-third of total debt. According to Wardana, & Ardiansari (2025), this figure is below the optimal threshold of 50%, which indicates an unhealthy financial situation. However, there was a significant increase to 76.24% in 2020, which indicates that the cooperative's financial situation is more solid and that the equity position is better than the amount of debt.

The results of the study of financial performance based on solvency ratios, especially when compared to total assets and total debt, show that the financial structure of Karangploso cooperative is relatively healthy, as reflected in the ratio value which is always above 100%. However, the effectiveness of debt management also needs to be further assessed, given the downward trend in the ratio from year to year which indicates an increasing dependence on debt. If this trend continues, the cooperative's financial risk may increase, so that mitigation strategies are needed such as optimizing the use of assets, increasing retained earnings, diversifying sources of income, and managing debt more efficiently to ensure the cooperative's financial sustainability in the long term.

Financial Performance of KUD Karangploso Based on Profitability Ratio

By looking at the profit ratio, the financial success of KUD Karangploso can be measured. The results of the calculation of ROA from 2019 to 2023 show that the ability of KUD in generating asset-based profits is still not optimal. Return on Assets (ROA) is still far below the 30% target. With an ROA of only 2.40% in 2019, KUD only produces 2.40% of the total assets utilized as net income. This percentage is still far below the ideal target, although in 2020 it had risen to 5.36%. The ROA-based financial performance of KUD at that time was still not effective and required greater asset utilization.

In 2021, ROA decreased again to 2.29% and stayed at the same figure in 2022. This decline indicates that the cooperative has not been able to optimize the utilization of its assets in generating profits. In 2023, ROA fell further to 1.83%, which means that the effectiveness of asset utilization in generating profits decreased. This trend shows that the Karangploso Village Unit Cooperative (KUD) needs to carry out a strategy to increase efficiency in asset management, both by optimizing investment and reducing unproductive operating costs so that the rate of return on assets can increase. In 2021, ROE experienced a drastic decline to 5.84%, which indicates that returns from equity are getting lower. This trend continued in 2022 and 2023, with values of 6.43% and 6.62% respectively. There are many reasons for this decline, such as the lack of innovation in the growth of KUD companies, high operational costs, and investment plans that are not ideal. To be able to significantly increase the return on equity, Karangploso cooperatives must assess the capital structure and investment strategy that has been set.

CONCLUSIONS

Judging from the current ratio and cash ratio, which are always below the expected level, the liquidity performance of KUD Karangploso from 2019 to 2023 is still far from the optimal level. Hence, this cooperative continues to struggle to maintain

its liquidity. The solvency performance of Karangploso KUD varies; in some years, the equity-to-debt ratio is always below the 50% threshold, indicating that equity is more minor than debt; however, the asset-to-debt ratio is constantly above 100%, indicating that the cooperative's assets are sufficient to pay off debt. With ROA and ROE constantly below industry norms, the profitability performance of Karangploso cooperative is still poor, indicating that equity and assets have not been maximally utilized to generate profits. Furthermore, the capital structure should be balanced by reducing reliance on debt and increasing equity.

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