

ROOT CAUSE ANALYSIS OF THE DECLINE IN SURPLUS EARNINGS AT KOPERASI BINA WARGA IN 2024



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Abstract

This study aims to analyze the factors and root causes contributing to the decline in Surplus Earnings at Koperasi Bina Warga in the 2024 period. A descriptive qualitative method with a case study approach was employed to identify and analyze these contributing factors. Data were collected through in-depth interviews with the cooperative's chairperson, secretary, and treasurer, and were further supported by documentation and direct observation. The results indicate that the decline in SHU was caused by a decrease in member loan activity, low member participation, a high rate of non-performing loans, restrictions on savings, and a reduction in the number of cooperative members. Through the application of Root Cause Analysis using the 5 Why Analysis and Fishbone Diagram approaches, the decline in loan activity was identified as the primary root cause. Data validity was ensured through the use of methodological triangulation, source triangulation, and time triangulation. The study recommends optimizing loan services, enhancing member participation, controlling non-performing loans, and developing digital services to strengthen cooperative performance and increase future surplus earnings.

Keywords: Cooperatives, Surplus Business Results, 5 Why Analysis, Fish Bone Diagram, Root Cause Analysis

INTRODUCTION

A cooperative is an economic organization owned and jointly managed by a group of individuals to fulfil needs and improve the welfare of its members. The principles they adopt form the foundation for the development of cooperatives worldwide (Ananda, Wijaya, & Utama, 2023). Koperasi Bina Warga is a cooperative located in Sukalarang District, specifically at SMPN 1 Sukalarang. This cooperative has been operating since 1986 and continues to function to this day. Koperasi Bina Warga is a type of employee cooperative, managed by staff or teachers working at SMPN 1 Sukalarang, and it operates in the fields of savings and loan services as well as business ventures. The surplus distribution represents the outcome of cooperative business activities that is distributed to members based on their savings proportion or participation in the cooperative (Febriansah & Karimi, 2024).

The surplus reflects the cooperative's financial performance over a specific period and serves as a key indicator for evaluating the cooperative's effectiveness (Susanty & Santoso, 2022). A decline in the distribution of the cooperative surplus may negatively impact the cooperative's capital, which will gradually decrease and potentially lead to losses (Ulfa, Nurdiwenty, & Winarko, 2021). When the surplus is low, the cooperative's capital diminishes, reducing its competitiveness. Moreover, member participation tends to decrease due to the minimal surplus distribution, considering that the surplus is a motivating factor for individuals to join as members (Carmela, Nirwana, & Arfimasri, 2023). This situation can also encourage previously inactive members to become more actively involved (Sihombing, 2021).

Based on a preliminary survey, the following table and diagram present the growth of the surplus (SHU) of Koperasi Bina Warga as reflected in the cooperative's annual financial reports from 2021 to 2024:

Table 1.
Recapitulation of Surplus Earnings from the Balance Sheet of Koperasi Bina Warga for the Period 2021–2024

No	Years	Surplus Distribution
1	2021	Rp. 22.326.000
2	2022	Rp. 24.156.000
3	2023	Rp. 26.356.000
4	2024	Rp. 21.777.030

Source: Result from data analysis

The table above presents the total surplus earnings of Koperasi Bina Warga based on the annual financial statements for the period 2021–2024. In 2021, the surplus earnings were recorded at IDR 22,326,000 and increased in 2022 to IDR 24,156,000. In 2023, the SHU experienced a further significant increase, reaching IDR 26,356,000. However, in 2024, the SHU declined sharply to IDR 21,777,030.

The decline in surplus earnings experienced by Koperasi Bina Warga in 2024 was caused by various interrelated internal and external factors. Internally, one of the main causes was the decrease in the cooperative's business revenue. This condition is suspected to have resulted from a decline in active member participation in utilizing the cooperative's

products and services, which directly impacted the cooperative's transaction volume and overall income (Andaresta, Pudjowati, & Imamah, 2021).

Based on the identified problems, the method that can assist in resolving these issues is the Root Cause Analysis (RCA) method (Maryanti, Suci, Sudiar, & Hardi, 2020). Although this method is commonly used in the industrial sector, the author applies it within the context of an economic organization, specifically a cooperative, which constitutes the novelty of this study. Root Cause Analysis (RCA) is used to examine the underlying causes of a problem (Ramadhan, 2020). By employing RCA through the 5 Why Analysis technique and the Fishbone Diagram, the study aims to illustrate how the root of the problem can be identified (Puspitasari, Afandi, & Haris, 2024). The objective of this research is to gain a comprehensive understanding of the factors contributing to the decline in surplus earnings (SHU), enabling the cooperative to take strategic measures to improve performance and enhance member welfare in the future. Therefore, the author focuses this analysis on Koperasi Bina Warga in the year 2024, as this period reflects the most recent trend and marks the occurrence of a critical issue related to the decline in surplus earnings.

REVIEW OF LITERATURE

Cooperative

According to Article 1 of Law No. 25 of 1992 concerning Cooperatives, a cooperative is defined as: "A cooperative is a business entity consisting of individuals or legal entities of cooperatives, which bases its activities on cooperative principles as well as serving as a people's economic movement based on the principle of kinship." A cooperative is a voluntary association of individuals who unite with the aim of improving the welfare of its members. Cooperatives are driven by the desire to protect their economic interests from potential exploitation by middlemen who are often motivated by the pursuit of excessive profits (K & Gupta, 2024). Cooperatives are categorized as microfinance institutions that are established within an organizational structure (Rahajeng, 2022).

Root Cause Analysis (RCA)

Root Cause Analysis (RCA) is a systematic method used to identify, understand, and evaluate the underlying causes of a problem from the initial point of its emergence (Sitompul, 2024). The implementation of comprehensive work improvement processes still faces various obstacles at each stage—from risk assessment to the measurement of control effectiveness—by analyzing the root causes of the problems (Parikh, Penfield, Barker, McGowan, & Mallon, 2024). This approach aims to prevent the recurrence of failures in the future by tracing and determining the primary causal factors of the issues (Holifahatus Sakdiyah, Eltivia, & Afandi, 2022). The RCA approach is employed to identify the root causes of existing problems. The focus of the analysis is directed toward systematically and structurally mapping issues within the business processes related to the company's revenue and expenditure flows (Fatmaria Tantri, Eltivia, & Djajanto, 2024).

5 Why Analysis

The Five Whys is a method used within the strategy of identifying proximate causes as part of the Root Cause Analysis (RCA) framework (Barsalou & Starzyńska, 2023). This approach enables stronger preventive measures and increases the likelihood of avoiding the recurrence of problems (Ahmedani, 2020). The 5 Why Technique is a problem analysis method used to identify the root cause of an issue by repeatedly asking the question

“why?”—typically five times—where each question is based on the answer to the previous one, until the fundamental cause of the problem is uncovered.

Fishbone Diagram

The Fishbone Diagram, also known as the Cause-and-Effect Diagram or Ishikawa Diagram, is an analytical tool used to identify, categorize, and visualize various potential causes of a specific problem or effect (Aristriyana & Ahmad Fauzi, 2023). This diagram, which resembles the skeleton of a fish, illustrates the relationships between multiple potential causes and a particular issue in a visual format (Lenawati, Setiawan, & Rindra Kurniawan, 2023).

RESEARCH METHOD

Research Design

The research method used in this study is the qualitative method. Qualitative research is a method grounded in post-positivist philosophy, used to examine phenomena in natural settings (as opposed to experimental conditions), where the researcher serves as the key instrument. Data collection is conducted through triangulation (a combination of methods), data analysis is inductive/qualitative in nature, and the results emphasize meaning rather than generalization (Sugiyono, 2022). This study focuses on Koperasi Bina Warga during the 2024 period, aiming to understand the complexity and particularity of the case.

Population and Sample

The population in this study consists of Koperasi Bina Warga, located at SMP N 1 Sukalarang, Sukalarang District. The sample includes three key informants: the cooperative chairperson, the secretary, and the treasurer. These individuals were selected because they possess in-depth knowledge and are directly related to the research topic.

Database Selection

The data obtained in this study consist of both primary and secondary data. Primary data were collected through observation, interviews, and documentation. Secondary data were gathered from existing documents such as annual financial reports, Net Income reports, and minutes of cooperative member meetings. These data were used to strengthen the findings from interviews and observations, as well as to help the researcher understand the patterns and trends in the decline of net income over the years.

Data Collection

The data analysis technique employed in this study is data triangulation, which involves observation, interviews, and documentation, as well as source triangulation (informants), time triangulation, and the use of NVivo 15 software to assist in the analysis process.

RESULTS AND DISCUSSION

Root Cause Analysis using the 5 Whys Analysis Approach

To explore more deeply the root causes of the decline in the Remaining Operating Results (Sisa Hasil Usaha) of Koperasi Bina Warga, the researcher employed the 5 Why Analysis approach. This approach assists in systematically identifying the primary causes by repeatedly asking "why" for each observed symptom. The results of this analysis were visualized in a mind map using NVivo 15 software, which was linked to data obtained from

the three key informants: Miss Lena, Mr. Agus, and Mr. Mamat. The output presents the results of the 5 Why Analysis conducted through NVivo 15.

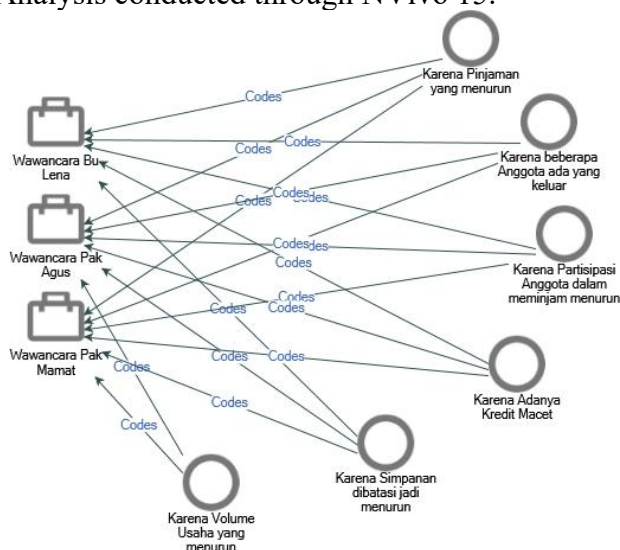


Figure 1.
Results of 5 why Analysis using Nvivo15Vers

Based on the mapping results, the starting point identified was the decline in the Remaining Operating Results (SHU), which was further elaborated into several primary causes. These causes were then analyzed in greater depth through the 5 Why Analysis as follows:

1. Due to a decrease in business volume and restricted savings;
2. Due to the occurrence of non-performing loans;
3. Due to a decline in members' participation in borrowing activities;
4. Due to the resignation of several members;
5. Due to the overall decline in loan disbursement.

All three informants consistently identified the aforementioned factors as the primary causes of the decline in the Remaining Operating Results (SHU). This indicates consistency in the data and strengthens the validity of the findings through source triangulation, thereby reinforcing the results of the root cause analysis. By applying the 5 Why approach, the researcher did not stop at the initial symptoms but delved deeper to uncover interconnected cause-and-effect relationships. Ultimately, this formed a systemic understanding of the issue surrounding the decline in SHU. The analysis can be illustrated in the following diagram, which adopts a model based on previous research by Ahmedani (2020) to identify root causes.

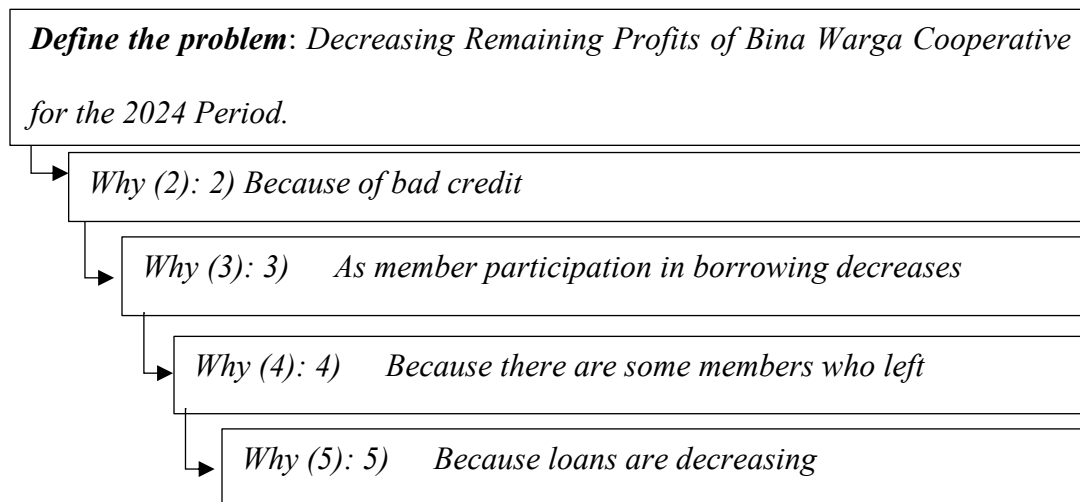


Figure 2.
Root Cause Analysis Results Using 5 Whys Analysis

Based on the figure above, a Root Cause Analysis (RCA) was conducted using the 5 Why Analysis method to identify the primary causes behind the decline in the Remaining Operating Results (SHU) of Koperasi Bina Warga. This analysis was derived from interviews conducted with the three key informants. The main issue addressed was the decline in SHU during the 2024 period.

From the analysis, it was found that the decrease in SHU was primarily due to a reduction in business volume and limitations on member savings, resulting in a lower SHU in 2024 compared to the previous year. The second layer of analysis revealed that non-performing loans contributed to the issue, stemming from the lack of member participation in timely loan repayments, including one former member who defaulted on repayments despite no longer being part of the cooperative.

The third cause identified was the decline in member participation in borrowing activities. Since SHU income is largely generated from interest or service fees on loans, a decrease in borrowing directly reduces the cooperative's revenue, thereby affecting the SHU. The fourth cause pointed to the withdrawal of several members. Financial report data for 2024 shows a lower number of members compared to the previous year, which also impacted the SHU negatively.

The fifth and most dominant cause, as agreed upon by all three informants, was the significant decline in the volume of member loans. This was identified as the primary factor among all other causes leading to the decline in SHU during the 2024 period.

Root Cause Analysis Using Fishbone Diagram Approach

The following is a mind map visualization data of the main and final causal factors for the decline in the Net Operating Surplus (SHU):

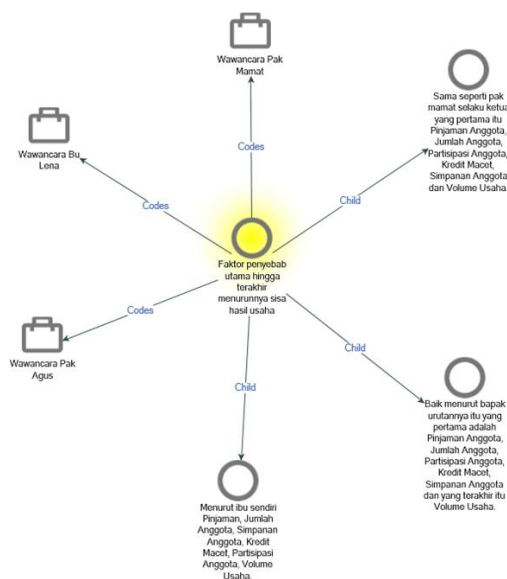


Figure 3.
Mind Map the Main Causal Factors to the Last Decline in the Remaining Operating Results (SHU)

Based on the Mind Map visualization of the conclusions of the interview with the administrators of the Bina Warga Cooperative, the main factors causing the decline in the Net Operating Surplus (SHU) in sequence are member loans, number of members, member participation, bad debts, savings, and business volume.

The Ishikawa Diagram is structured upon the results of the 5 Why Analysis, but is further expanded into several main categories of causes, such as People, Methods, Materials, Money (Financial), and Environment.

This categorization aims to identify the interrelations among the different contributing factors and to determine the priority areas for problem resolution. The following is the Fishbone Diagram:

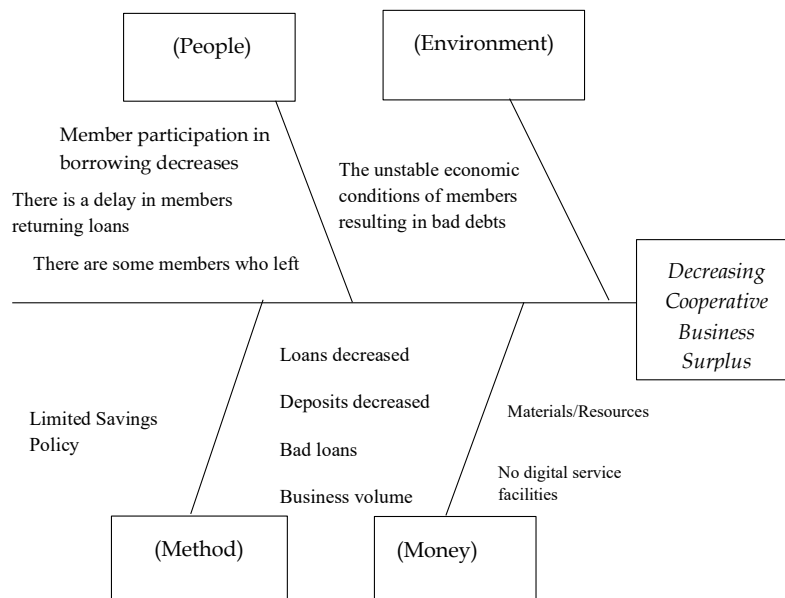


Figure 4
Fishbone Diagram of Reduction in Cooperative Business Result Remainder

The decline in the Remaining Operating Results (SHU) of Koperasi Bina Warga is caused by a combination of various key factors, both internal and external. Internal factors include decreased member participation, restricted savings policies, and a high rate of non-performing loans. Meanwhile, external factors involve the unstable economic conditions of members and the limited utilization of digital technology in cooperative services.

The five categories of causes—people, methods, money, environment, and materials/resources—are interrelated and directly or indirectly influence the decline in cooperative loans. As a result, business income decreases, significantly affecting the amount of SHU that can be distributed to members. Therefore, a comprehensive and targeted improvement of these contributing factors is necessary to restore the cooperative's financial performance and increase its SHU in the future.

CONCLUSION

Based on the data analysis results, the decline in the Remaining Operating Results (SHU) of Koperasi Bina Warga in 2024 was caused by a number of interrelated factors. The primary factor identified was the decrease in the amount of member loans, which had a direct impact on the cooperative's income from loan interest. Additionally, member participation in cooperative activities declined, compounded by non-performing loans, a reduced number of members, and savings restriction policies.

Through the Root Cause Analysis and 5 Why Analysis approaches, supported by data validation using NVivo15Vers software, the decrease in loan disbursement was identified as the root cause of the SHU decline. This finding was reinforced by a visual representation using the Fishbone Diagram and data validation through triangulation of techniques, sources, and time, which confirmed the consistency and credibility of the data obtained.

Overall, the decline in SHU was not caused by a single factor, but rather by the accumulation of various internal challenges faced by the cooperative. These findings

highlight the need for strategic improvements and interventions to maintain financial stability and ensure the sustainability of the cooperative's operations in future periods.

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