

Supervision and Assistance in Resolving Problematic Loans at Tangguh Mitra Bersama Cooperative

Ripho Delzy Perkasa¹, Lia Rismawati², Rina Aulia³, Ifani Delaila⁴
^{1,2,3,4}State Islamic University of North Sumatra, Medan, Indonesia

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ABSTRACT

The Solid Partner Cooperative is a people's economic entity that plays a crucial role in supporting the local economy. However, like other financial institutions, cooperatives also face challenges in resolving problematic credits that can affect their stability and operational sustainability. Therefore, this journal adopts a qualitative research approach to analyze the coaching and assistance strategies in handling problematic credits at the Solid Partner Cooperative. The research findings indicate that a deep understanding of cooperative principles, active member involvement in decision-making, transparency and accountability in financial management, and collaboration with other financial institutions or financial experts are key factors in cooperative management coaching. A strong understanding of cooperative principles creates a solid foundation for members and cooperative managers to carry out operational activities and make strategic decisions. Active member involvement in decision-making creates a democratic and inclusive environment, strengthening member trust in the cooperative. Transparency and accountability in financial and operational management form a strong foundation for building trust and integrity among members and other stakeholders. Collaboration with other financial institutions or financial experts is an effective strategy in supporting the resolution of problematic credits. By gaining additional access to financial resources, objective advice and insights, and alternative solutions from parties with extensive knowledge and experience, cooperatives can better address credit issues.

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Corresponding Author:

Ripho Delzy Perkasa,
State Islamic University of North Sumatra, Medan, Indonesia
Jl. William Iskandar Ps. V, Medan Estate, Kec. Percut Sei Tuan, Kabupaten Deli Serdang, Sumatera Utara
20371
Email: riphodelzyperkasa@uinsu.ac.id

1. INTRODUCTION

Non-performing loans (NPLs) are a significant issue in the context of finance and cooperatives. This is due to the importance of loans as a primary instrument in the economic growth of the community. Proper handling of NPLs can positively impact the financial health of a financial institution such as a cooperative (Silitonga et al., 2020). In this paper, we will discuss in-depth the strategies for supervision and assistance in resolving NPLs at the Tangguh Mitra Bersama Cooperative. Non-performing loans occur when borrowers fail to meet their obligations to repay loan installments as agreed. This can be caused by various factors, both internal and external, that affect the borrower's ability to meet these obligations. In the context of cooperatives, NPLs can become a significant burden if not managed properly. Based on data collected over the past five years, the average

percentage of NPLs ranges between 5-7%. Large NPLs typically exceed 500 million Rupiah, while small NPLs are below 100 million Rupiah. The most problematic loans are small and medium enterprise (SME) productive loans and consumer loans.

Year	NPL Percentage (%)	NPL Amount	Loan Category
2021	5,5 %	300 Juta	Large
2022	2,1 %	150 Juta	Large
2023	0,1 %	30 Juta	Small

Serious issues in loan repayment often arise when borrowers encounter difficulties in meeting their installment payments. This can occur due to various factors such as changes in personal economic conditions, reduced income, or an inability to manage finances well. The impact of these issues becomes apparent in subsequent monthly installments, where the obligations due do not match the principal agreed upon in the installment agreement. When borrowers face difficulties in making the required payments, it can trigger payment delays. These delays then accumulate with additional interest or penalties, ultimately increasing the total amount that must be repaid (Anggreni et al., 2023). In extreme cases, repeated payment delays can result in defaulted loans and the risk of asset repossession by the lender.

To address these issues, relevant parties such as lenders and borrowers need to maintain good and transparent communication. Borrowers should clearly communicate any financial difficulties they are experiencing so that appropriate solutions can be found, such as payment restructuring or new agreements that are more manageable (Harahap et al., 2020). On the other hand, lenders need to offer flexibility and alternative options that can help borrowers meet their payment obligations without excessive burden. Additionally, education on financial management is crucial in preventing similar issues in the future. Borrowers need to have a thorough understanding of their financial obligations and the ability to manage their finances wisely to avoid payment difficulties that could disrupt their personal or business financial stability (Marhisar Simatupang, 2020).

Prolonged delays in loan repayment, lasting months or even years, represent a serious problem that requires resolution for the Tangguh Mitra Bersama Cooperative. Despite the cooperative's emphasis on prudence and careful consideration of loan requirements, such conditions can arise due to various factors, including unexpected economic changes, members' financial difficulties, or complex management issues.

Based on theoretical gaps and previous research, there is still a lack of understanding regarding effective strategies for supervision and assistance in resolving NPLs in cooperatives. Previous studies have tended to focus more on the factors causing NPLs without providing concrete solutions to address them. Our research hypothesis is that implementing effective supervision and assistance strategies can reduce the percentage of NPLs and enhance the cooperative's ability to handle NPLs more efficiently.

The purpose of this research is to evaluate the effectiveness of supervision and assistance strategies in resolving NPLs at the Tangguh Mitra Bersama Cooperative. By collecting historical data on NPL percentages, NPL amounts, and the types of problematic loans over the past several years, this study aims to identify trends, patterns, and factors influencing NPLs. Additionally, the research seeks to determine whether the implementation of supervision and assistance strategies has significantly impacted reducing the number of NPLs, improving loan recovery rates, and enhancing financial performance and member confidence in the cooperative. Through in-depth analysis of the collected data, this study aims to provide concrete, evidence-based recommendations for cooperative management to improve the effectiveness of NPL resolution strategies in the future.

2. RESEARCH METHOD

The implementation methodology for this community service activity utilizes a participatory approach, involving the cooperative's management, supervisors, and employees. This is done through mentoring, technical guidance, and lectures aimed at the management, supervisors, and employees of the Tangguh Mitra Bersama Cooperative.

After the mentoring and technical guidance sessions in the form of lectures and discussions, there will still be an ongoing approach to providing coaching on the prevention of non-performing

loans. Therefore, this community service activity will continue beyond the initial lectures, Focus Group Discussions (FGD), and mentoring sessions. The detailed stages of this community service activity (PKM) are as follows:

- 1) Field Survey: Conduct a field survey to determine the partner's location.
- 2) Participatory Interviews and Discussions: Engage in participatory discussions to design and plan activity stages aimed at solving the partner's problems and achieving targeted outcomes with the management and supervisors.
- 3) Training: Provide training to management and employees on the appropriate cooperative governance system.
- 4) Lectures/FGD: Conduct lectures or FGDs on cooperatives and resolving non-performing loans with the management, supervisors, and staff.
- 5) Mentoring: Offer mentoring to the cooperative's management and staff on resolving non-performing loans.
- 6) Technical Guidance: Provide technical guidance on the cooperative's credit agreement format for management and staff.
- 7) Formatting New Loan Agreements: Develop new loan agreement models for management and staff.
- 8) Management System Training: Offer training on the new cooperative management system for management and staff.
- 9) Socialization: Conduct socialization sessions on the new cooperative credit agreement model for management and staff.
- 10) Problem Loan Resolution: Assist in resolving the cooperative's non-performing loans for management and staff.
- 11) Monitoring and Evaluation: Perform periodic monitoring, evaluation, mentoring, and reporting.

By following these detailed stages, this community service activity aims to provide continuous support and improvement to the Tangguh Mitra Bersama Cooperative in managing and resolving non-performing loans, as well as enhancing overall governance and operational efficiency.

3. RESULTS AND DISCUSSIONS

Causes of Non-Performing Loans

Based on an interview with Mr. Johnson, a supervisor at the Tangguh Mitra Bersama Cooperative, two main factors contribute to non-performing loans: internal and external factors.

Internally, ineffective credit management can be a primary trigger for non-performing loans. A lack of understanding of credit risk, loose credit policies, and inadequate monitoring systems can lead to an uncontrolled increase in credit risk. Additionally, the role of oversight is crucial in determining the quality of the credit portfolio. Inability to identify potentially problematic loans early and to take corrective action swiftly can worsen the credit issues.

Externally, factors such as an unstable or slowing economy can add pressure to already problematic loans. Declines in household income, rising unemployment rates, or even changes in banking regulations can affect cooperative members' ability to repay their loans on time. In such situations, cooperatives need to anticipate external changes and adjust their credit management strategies accordingly.

Cooperative Management Development at Tangguh Mitra Bersama Cooperative

Research indicates that a deep understanding of cooperative principles, such as open and voluntary membership, democratic management, and equitable distribution of surplus, significantly impacts cooperative management development. Members and managers who thoroughly understand these principles tend to be more active and committed to the cooperative's performance.

A deep understanding of open and voluntary membership encourages active member participation in cooperative activities. Members feel responsible and highly involved in the cooperative's success because they voluntarily choose to be part of it. Moreover, democratic management within the cooperative allows members to participate in decision-making. This creates an environment where members feel valued and have a voice in the cooperative's direction and policies, enhancing their sense of ownership and commitment to the cooperative's performance (Lubis et al., 2022).

Equitable distribution of surplus is also a key factor in motivating members and managers. When members see that their efforts are treated fairly and transparently, they are more motivated to contribute maximally to the cooperative's activities and work together to achieve common goals. Overall, a deep understanding of cooperative principles provides a strong foundation for cooperative management development. It fosters an environment conducive to active member participation, democratic decision-making, and motivation to achieve optimal performance within the Tangguh Mitra Bersama Cooperative.

A significant finding from the research is the active involvement of members in cooperative decision-making. By holding regular member meetings, the cooperative provides equal opportunities for each member to express their opinions, ideas, and feedback. This involvement forms a strong basis for better and more inclusive decision-making within the Tangguh Mitra Bersama Cooperative.

In member meetings, each member has an equal vote, ensuring no discrimination in decision-making. This creates a democratic and transparent atmosphere where every member feels valued and has an equal contribution to the cooperative's direction and policies. Active member involvement in decision-making also helps increase the legitimacy of decisions made by the cooperative management. By listening to various perspectives and thoughts from diverse members, decisions can be made more balanced and accurately, ultimately supporting the cooperative's overall success and sustainability.

Furthermore, regular member meetings serve as forums for sharing information, understanding, and the cooperative's vision and mission. This helps strengthen members' sense of ownership and involvement in achieving the cooperative's shared goals. Therefore, active member involvement in decision-making through regular member meetings is an important and strategic practice in cooperative management development. It not only creates more inclusive and diverse decisions but also strengthens the bond between members and the cooperative to achieve mutual success.

Research emphasizes that transparency and accountability in financial and operational management are crucial factors in cooperative management development. Clear and open financial reports accessible to all cooperative members lay a strong foundation for building trust and integrity among members and other stakeholders. With transparency in financial reporting, cooperative members have equal access to understanding the cooperative's overall financial condition. This creates an open environment with no surprises regarding financial information, ultimately strengthening members' trust in cooperative management. When members feel that financial information is communicated clearly and promptly, they are more confident and motivated to actively contribute to cooperative activities.

Moreover, accountability in operational management is also essential. An accountable system ensures that every management decision and action can be transparently justified to cooperative members and other stakeholders. This creates a high sense of responsibility among cooperative management in performing their duties and managing resources efficiently and effectively.

The combination of transparency and accountability in financial and operational management forms a solid foundation for good cooperative management development. It not only helps build trust and integrity in the eyes of members and stakeholders but also creates a professional, responsible, and performance-oriented work environment. Thus, efforts to enhance transparency and accountability within the Tangguh Mitra Bersama Cooperative can serve as a key pillar in strengthening management and ensuring the cooperative's future sustainability.

According to Mrs. Siraya Marpaung, the Treasurer, developing coaching and mentoring strategies to address non-performing loans at the Tangguh Mitra Bersama Cooperative involves several steps:

1. Formation of a Special Team for Non-Performing Loan Resolution: The first step is forming a dedicated team responsible exclusively for handling non-performing loans. This team consists of members with specific expertise in credit analysis, negotiation, and credit recovery. Each team member has clear responsibilities in addressing various aspects of non-performing loan resolution, from problem identification to recovery actions.
2. Training for Credit Officers: Continuous training for credit officers is a crucial strategy. This training includes enhancing their technical skills in credit analysis, risk assessment, and effective credit

portfolio management. Additionally, the training broadens their understanding of sustainable credit management principles, including early identification of potentially problematic loans.

3. **Use of Technology for Credit Monitoring:** Implementing technology is an integral part of this strategy. The cooperative uses advanced information systems to monitor the credit portfolio in real-time. This system allows for early identification of loans showing signs of trouble, alerting the special team to act promptly.
4. **Communication Strategy with Members Facing Difficulties:** An important aspect of coaching and mentoring is an effective communication strategy with members experiencing financial difficulties. The cooperative uses an empathetic and proactive approach in communicating with members in distress, offering solutions tailored to their needs and financial capacity. Open and transparent communication also enhances members' trust in the cooperative to resolve their financial issues.

By following these steps, the cooperative can develop a holistic and integrated strategy for coaching and mentoring in handling non-performing loans. These steps ensure the cooperative has a well-trained team, utilizes modern technology for credit monitoring, and has an effective communication approach with members needing assistance. This not only improves the cooperative's ability to resolve non-performing loans but also strengthens the relationship between the cooperative and its members.

Collaboration with Other Financial Institutions for Non-Performing Loan Resolution

Research findings indicate that collaboration with other financial institutions or financial experts plays a significant role in supporting the effective resolution of non-performing loans. Through this collaboration, the Tangguh Mitra Bersama Cooperative can gain various benefits and solutions to help address prolonged credit issues.

First, collaboration with other financial institutions can provide additional access to financial resources needed to resolve problematic loans. This can include offering additional financing facilities, credit restructuring, or other assistance programs that help reduce the repayment burden for borrowers.

Second, collaboration with financial experts can provide objective advice and insights in evaluating complex credit situations. By gaining perspectives from those with extensive knowledge and experience in finance, the cooperative can make more accurate and strategic decisions in credit resolution. Additionally, this collaboration opens up opportunities to obtain alternative solutions that can be implemented in resolving credit issues. For example, financial experts can offer advice on credit restructuring, negotiating with creditors, or developing other financial strategies that can help improve the cooperative's financial condition and restore financial health.

Thus, the research confirms that collaboration with other financial institutions or financial experts can be an effective strategy in supporting the resolution process for problematic loans. The Tangguh Mitra Bersama Cooperative is expected to utilize these collaboration opportunities well to achieve more optimal and sustainable credit resolution outcomes.

4. CONCLUSION

The conclusion of this journal emphasizes that coaching and mentoring in the resolution of non-performing loans at Tangguh Mitra Bersama Cooperative is crucial for ensuring the cooperative's sustainability and stability. The research findings highlight that a deep understanding of cooperative principles, active member involvement in decision-making, transparency and accountability in financial management, and collaboration with other financial institutions or financial experts are key factors in cooperative management development. A strong understanding of cooperative principles forms a solid foundation for members and managers in conducting operational activities and making strategic decisions. Active member involvement in decision-making creates a democratic and inclusive environment, strengthening members' trust in the cooperative. Furthermore, transparency and accountability in financial and operational management build a strong foundation for trust and integrity among members and other stakeholders. Clear and open financial reports help members understand the cooperative's overall financial condition, which in turn strengthens their commitment and participation. Finally, collaboration with other financial institutions or financial experts is an effective strategy in supporting the resolution process of non-performing loans. By gaining additional access to financial resources, objective advice and insights, and alternative solutions from parties

with extensive knowledge and experience, the cooperative can better address credit issues. By integrating these findings into the practice of cooperative management development, Tangguh Mitra Bersama Cooperative is expected to enhance its performance, sustainability, and contribution to the local and national economy. These steps can also serve as a guideline for other cooperatives in facing challenges and seizing opportunities in a dynamic and complex business environment.

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