



# Hermeneutics study of the existence of regulatory Indonesia cooperative effort

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## ABSTRACT

This study was intended to obtain a description of the supervisory body of cooperative Indonesia by tracking the position of supervisor as well as supervisory function through interpretive study of device with the cooperative organization. The existence and significance studies carried out by the interpretive approach adopted Hermeneutics by Gadamerian. Investigation regarding the existence watchdog agency cooperative effort resulted in a summary that outlines the objectives of oversight of cooperative efforts, although not much different from the targeted surveillance in entities in general; but because of the uniqueness of the entity cooperative which at one time: should be accountable existence before giving a mandate based on the role of each; and also as the personification agency cooperative efforts in serving and facing external parties with the same, both in terms of business management and inspection. It would require a synergistic relationship between the supervisors of the board without having to sacrifice duties and authority of each other; they remain in their respective independence. Therefore, the concept and model of supervision, especially in the emphasis of supervisory targets, is necessary to develop a goal that is as relevant as the process of synergizing the existence and meaningfulness of supervisors with the board; in the realization of the mandate of members. Supervisors must meet the qualification requirements of being full of integrity, understanding the rules of regulation of the existence of the cooperative, mastery of the cooperative rules, organization of cooperatives, as well as household cooperatives. Supervisors must also master the applied knowledge, for example, accounting, financial audit, management audit, taxation, management of the cooperative. Supervisors have a skeptical attitude. Studies of the meaningfulness of supervisory body revealed that supervision of cooperative consist of a variety of organizational control, operational control and supervision of business which is on capital and finance.

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## INTRODUCTION

Cooperative is a specific business entity in Indonesia only that their activities are regulated by the law. As a company that serves the welfare of its members, cooperatives appear to be a perfect organization in the sense of ownership, implementation and oversight of organizations

and businesses organized by different sectors.

Data performance of Cooperative Indonesia from 2004 to 2014 presented a significant figure which indicates that 54% of active cooperatives in Indonesia did not hold annual meeting of members. When linked with the supervisory authority of cooperative, it should not be unreasonable if the cooperative board does not implement the annual meeting of members. This therefore indicates malfunction of the oversight functions

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within the body of a cooperative. Textually, relying on the legislation that puts the supervisor as part of the organization does not many specifically mentioned its existence. Regulations under the legislation stress more on the role and function of external oversight rather than highlighting the role and function of cooperatives as internal watchdog. Their intuitive impulse arises as a reflection on the experience found in research when carrying out the work as supervisors and cooperative management as well as research into external auditors in the audit of financial statements of cooperatives. Intuitive inexperience includes among others:

- Supervisor do not always knowledge has of supervision;
- Monitoring is often interpreted narrowly as financial audit;
- Policy supervision and oversight set out in regulations under the law is limited to oversight conducted by government or the establishment of institutions of oversight by the government.

The existence of supervisory institutions are external supervision. On the other hand the role of the regulatory and supervisory arrangements internally should also be a significant priority. Based on the background that has been unraveled that regulatory and supervisory functions should be an integrated part of the organization of cooperatives, this study proposed two major questions as research hypothesis:

- i. What is the status of supervisors in the vision of the organization of cooperatives?
- ii. How is the supervisory function (cooperatives) in the vision of the organization of cooperatives?

This is to obtain an explanation on the position of supervisors through the interpretive study of the device of cooperative organizations; and the function of supervisory oversight conducted through the interpretive study of cooperative device.

Analysis of the existence of regulatory and supervisory functions are expected as input to be considered in the preparation of both the supervisory framework and how the existence of the regulatory oversight function must be designed and implemented in work instructions. The possibility that the synthesis of the results of this study will be taken into consideration in setting oversight policy towards cooperatives, is not rule out as it is required as a technical manual or instructions for field work; regulated through regulation rules under the law. Utilization of the synthesis of the results obtained in this study, among others, will include the cooperative business entity as a consideration in the preparation of implementation guidelines for supervisory co-operatives as well as government institutions (in this case, the Ministry of

Cooperatives and Small and Medium Enterprises of the Republic of Indonesia). Since supervisors do not perform their functions in monitoring as mandated by the law, the study highlighted the meaning of supervisory and monitoring functions, based on the interpretation of cooperative organization; and disclosed the meaning of supervisory and oversight functions.

## MATERIALS AND METHODS

The study is a qualitative research with an interpretive paradigm. It investigated supervisory entity of Indonesia Cooperation in existence and its significance. Ten supervisors of Indonesia Cooperation were used as informant in the research. The study reported a better understanding of the complexities involve in monitoring functions. To maintain neutrality, this study used unstructured interviews, so that the questions were very open and flexible. There were no guidelines but the interview was controlled to achieve a particular result.

The investigation was done through interpretative approach to the disclosure of cooperative organization. An outcome of the reality that the study will contribute to what is already known, as expressed by Bleicher (2005); which states that the main task is to find an interpreter who ask questions and present answers (Basuki, 2003). At the same time, a text only becomes an object of interpretation when it presents the answer to what the interpreter asked (Mulyono, 2012). The study revealed the meaning of supervision and oversight functions based on interpretation of cooperative organizations. The core of the research is cooperative as well as the atmosphere of site supervision and monitoring functions. The unit of the study is the regulatory and supervisory functions. Supervisors referred to in this study is one of the devices in cooperative organization as stated in articles 21 and 38 of the cooperative law No. 25/1992 in Indonesia. Medium is the oversight function (meaningfulness) of the supervisory function by the trustees as implied in articles 39 and 40 of the cooperative law no. 25/1992 in Indonesia.

Rahardjo (2007) reported that true knowledge is the presence of data, based on the awareness of the mind. The data collected in the study included:

- a. Textual data on supervisory functions contained in laws or regulations regarding cooperatives, work plan and cooperative management revenue budget expenditure, the accountability report and the results of supervisory board of the cooperative. These data are secondary data obtained from literatures;
- b. Transcript of the interview with the informant (Denzin and Lincoln, 2011).

These data form an important summary of the results of

the interview. The data consisted particularly of transcript of the interview on the supervision and supervisory functions that were obtained from interviews with coordinators, supervisors, chairman of the board and members of the cooperative. Informants involved included cooperative organization supervisory management and members of the cooperative.

Disclosure of the meaning of the supervisory and oversight functions were carried out by finding the essence of existence and meaningfulness of supervisory and oversight functions in the text of cooperatives contained in the law on cooperatives, statutes and bylaws of the cooperative. Meaningfulness of supervisory and oversight functions were interpreted by a supervisor or any other organization in the contemporary period (Almqvist and Skoog, 2006). However, in order to obtain a clear picture of the text to be interpreted, it was necessary to first understand the manuscripts in the form of cooperative laws, regulations or statutes and bylaws of the cooperative. Interpretation of the dialogue text was conducted with the help of interpreters (researchers). Dialogue was carried out with due regard to the experience of the informant (supervisor and supervisory). Experience is needed to be able to reveal the prejudices that arise in interpreting the existing text (Muzir, 2012). Results of the interviews were interpreted by taking into account the context and language of text (Salahudin, 2011; Tarwiyani, 2011; Kirsch et al., 2010). Thus the analysis process started with exploring an item in the text of the interview material to be interpreted by the informants.

The interview process was conducted as an open system so that the exploration of meaning can be accomplished freely. Dialogues in the interview process, revealed the experiences, prejudices and realization in the act. Each interview constituted the reality of field data that was interpreted.

## RESULTS AND DISCUSSION

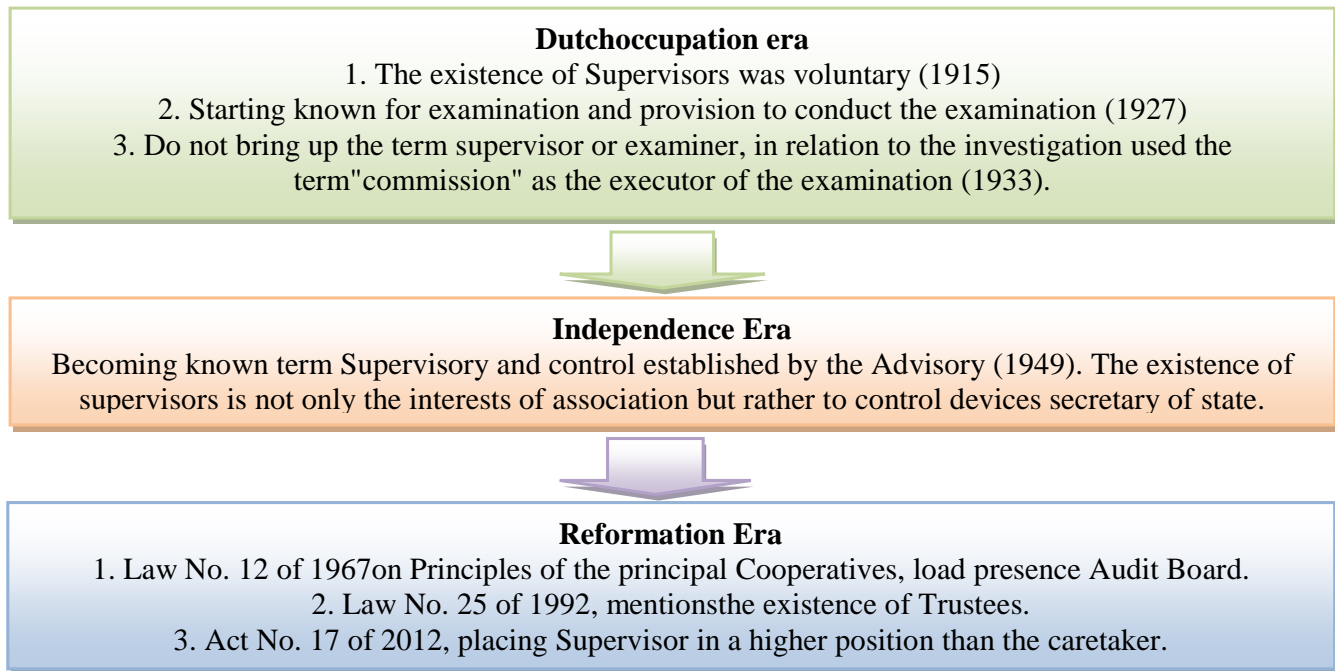
The existence of supervisors as part of a new cooperative organization is expressly stipulated in Law No. 12 of 1967 (as Indonesian State Audit Agency). In the colonial period and the period of independence, the term was been used more in examinations. The understanding becomes even scrutinized more, when it expresses that the monitoring function is not limited to "check out" but rather to internal control evaluation (Merchant and Stede, 2007). Based on decree number 21/Per/M.UMKM/ XI/2008 (Department of Trade and Cooperatives, 1982; Department of Cooperatives, 1985; Ministry of Cooperative and Small Enterprises, 2009) of the Minister of Finance on cooperatives and small and medium enterprises, it is stipulated that supervision should be extend to not only checks but also develop

monitoring and assessing to ensure the health of the cooperatives. The points which are expected by the law are presented in Figure 1.

Supervisory control is presented as a formal tool to evaluate whether appropriate management actions are written directives that are designed to guide management actions towards achieving goals (Anders, 2010). The presence of inspectors is required to take action and determine and measure the deviation, as well as taking the necessary corrective actions (Bonner et al., 2002; Muharam, 2011).

On the other hand the existence of supervisory controller (Inkpen and Currall, 2004) system are expected as well as in the management system which ensures the alignment of purpose, so that the system is made to be able to make employees feel that their interests are also the interests of the organization (Jaworski, 1988; Burns and Scapens, 2000). The presence of supervisors as an evaluator of performance management becomes a tool for measuring the results of an activity that has been carried out, in order to measure the deviations that may or may not occur in accordance with the standards (Akroyd and Maguire, 2011; Darmastuti, 2004). Whether the board members have done their mandate of the need for evaluation, where the results of the evaluation are expected to be the feedback of corrections and improvements in the future. With the supervision of the implementation of the tasks, it can be communicated because the implementers may not be able to see the possibilities of mistakes done in the daily phase. Supervision is not to find fault but rather to fix errors (Sudiarto, 2012). An entity, however its size, will get the same benefits as an oversight ends, which is, obtaining the recommendations or suggestions for improvements (Oleg and Illiev, 2010). Supervisors are really expected to be the party needed to over see the board. A person's activity will be more visible when viewed by others and not his or herself. The essence of a surveillance operation is to take actions that adjust the prescribed standards and is basically carried out management of information. Therefore, the control of an organization requires information about the standards of performance and actual performance, as well as actions taken to correct any deviation from these standards. The manager must decide the standard, size, and where necessary metrics to monitor and control an organization effectively; as well as determining the systems to obtain information (Daft, 2002).

The existence of trustees (as well as officials) appointed in the meeting of members account for the duties and authority to the member meeting (Firdaus and Agus, 2002; Masrur, 2007; Spekle, 2011). If the Board seeks daily control of cooperatives, assisted by the executive and other employees, the butler did not do the task of checking and supervising the work of the Board everyday. Supervisory inspection at any time, is done at



**Figure 1.** The existence of supervisory cooperation.

least once every quarter, between the closing of the financial year and the balance sheet and income calculations (Widener, 2007; Weismann, 2012). The Board is obliged to give an opportunity to the supervisor in charge of the cooperative environment to perform their duties and where necessary assist or procure goods (accompanied by one of the employees) during the supervision. Should bear in mind that as well as by the Supervisory Board, is a cooperative organization of tools and equipment, and is not an entity outside the organization of cooperatives. However, although there is a relationship between board and superintendent collegial but the presence of each of these devices to carry out a function that is complementary, in which the board member mandate as executive management in running the organization, was the supervisor as a representative member of the committee overseeing role.

Cooperative management in carrying out their functions will work on footing the work plan, budget revenue and expenditure prepared by decision of a meeting of members of article 23 of Law No. 25 of 1992 (Undang-undang RI No. 25, 2012) will be a guideline where the organization's activities must be stepped up. Message meeting of members in order to carry out the task of cooperative management functions such as the Work Plan and Budget, must be escorted to keep it out of the path outlined members. Therefore the members themselves who must over see the implementation of the working committee. The presence of supervisors as one

equipment cooperative organization is a tool or a representative of the members in carrying out oversight functions (Rusmilah, 2011; Rishan, 2012; Irwan, 2012). Supervision is the process by which a work performance monitored (Hansen and Mowen, 2009; Handoko, 2003; Fitri, 2012). Corrective action is taken when the achievement was not as planned. The existence of supervisors directed entirely to avoid the possibility of fraud or irregularities on the objectives to be achieved (Larry and Leonard, 2012; Magill and Prybill, 2011). Through oversight created an activity that is closely related to the determination or evaluation of the extent of implementation of the work already carried out. Supervision can also detect how far the policy of the leadership run and the extent to which the policy has been implemented and the extent of the irregularities that occurred in the implementation of the work (Sudiarto, 2012). The existence of supervisors could be due to a sense of concern, given the organization's executive mandate is human. The presence of inspectors is expected to reflect the desire of members to answer the question whether the internal control policy has been implemented properly by the board. Similarly, an answer to the question, to what extent the board is able to maintain and implement and improve existing internal control.

In the end the existence of the supervisor in the cooperative organizations can not be separated from policy on internal control. Control eligible to assure

achievement of the objectives will be to get the designation as a healthy control (Gerard and Prybil, 2011). Supervisors as a component of internal control derived from the cooperative is obliged to carry out the monitoring role of the implications of internal control. Internal control (Mulyadi, 2002) is defined as the organizational structure, methods and coordinated measures to safeguard the wealth of the organization, examine the accuracy and reliability of accounting data, promote efficiency and encourage compliance with management policies.

The existence of supervisors in cooperatives due to various reasons including the following: (1) in its capacity, supervisors are expected to take action and determine and measure deviations and take corrective action as needed, (2) supervisors are expected also as a system of control in the management system which ensures alignment goals, so the system is made to be able to make employees feel/see that their interests are also the interests of the organization, (3) the presence of supervisors as an evaluator on performance management becomes a tool for measuring the results of an activity that has been carried out, in order to measure the deviations that may occur or not in accordance with the standards. Does the board have done a trustworthy member of the need for evaluation where the results of the evaluation are expected to be the feedback correction improvements in the future, (4) with the supervision of the task of implementing it can be commuted because the implementers may not be able to see the possibilities of mistakes done in the daily grind. Supervision is not to find fault but rather fix errors, (5) the existence of supervisors directed entirely to avoid the possibility of fraud or irregularities on the objectives to be achieved, (6) the presence of supervisors is expected to reflect the desire of members to answer the question whether the policy of internal control has been implemented properly by caretaker. Similarly, an answer to the question, to what extent the board is able to maintain and implement and improve existing internal control.

An existence will always begin with the process of occurrence, as well as the presence of inspectors in a cooperative enterprise. The existence of the cooperative supervisors whose presence is required by the cooperative members even more than that, the existence of which is regulated by the regulatory watchdog highest of legislation, will gain the consequence that where the supervisor has full integrity (Nasution, 2012). Demands reflected explicit statement of the device watchdog organizations describe how the presence of a variety of reasons the background a supervisor is a prerequisite that figure as a capable actor, and in terms of auditing in the world should have known skeptical attitude. Existence supervisor originated from a need for the demands of the cooperative organization, must appear as a highly qualified, therefore on these figures must meet a variety

of criteria in order to become an actor whose appearance in accordance with the will of the other cooperative organizations (Sarwoto, 2012).

To bring qualified performers had to be taken through a process of filtering through the election procedures are good also. Travelling duty must be measured with a span of devotion that has been outlined (Gumbs and Qian, 2012), when a task must begin and end simultaneously with the expiration of devotion or whether it should be forced to stop the middle of a journey (Paula et al., 2009). "*Jerbasukimawabea*", is an expression of the Java language is meant to convey that a result is not possible without the cost. Supervisors are part of an organization of cooperative enterprises, the demand to produce good work in accordance with the functions and duties, must be accompanied by a fee should be given to supervisors.

In general, the conditions that apply to election of members of Cooperative Management, as, also apply to members of Audit Board. But for the Audit Board can also be treated special conditions (Department of Cooperatives, 1985), among others, (1) believe in the Cooperative, participated in capital and actively take part in Cooperative business (2) willing to provide time to attend meetings Board and take part in earnest in the meeting (3) to cooperate with other members of the board and soul is open to the opinions of others (4) always have a mind that is progressing to develop ideas or new ideas that can help the successful organization of cooperatives (5) have a willingness to work and learn in order to increase skills in leading cooperative (6) do not expect preferential treatment for themselves from fellow members of the Board and members of cooperatives in general (7) has the nature of honesty and work skills (8) understand the bookkeeping and understand the records in a book about the business of buying and selling and habits in the world of commerce (9) have to follow a course or training in bookkeeping cooperatives and cooperative education, so as to understand the rules of cooperatives. Articles of Association and the Law of Cooperatives (10) having sense of responsibility to strive to promote cooperatives (11) and other special conditions are set considering the growth of the cooperative itself.

The demands of the role and functions of such supervisory reap varied for different consequences in choosing the appropriate supervisor. The consequences lead to the desired requirements to comply with the supervisory authority of the target. Requirements to become a supervisor may have to meet the requirements of normative but could also involve technical capability requirements. The existence of supervisors should also be coupled with the integrity of the attitude of devotion, because of this attitude that encourages the presence of inspectors more meaningful. The uniqueness of the cooperative organization as an implementing agency business is regulated by law and addressed by society in general, the impact on the existence of the regulatory

requirements. As the personification of the cooperative board should understand many things about the cooperative management. Along with the complexity of the areas to address the board then covering it anyway understanding and knowledge that should be dominated by the cooperative supervisors. Advantages in terms of competence must be followed by intellectual intelligence (Engwall and Westling, 2004). Intellectual in this case is the general term used to describe the nature of the mind which includes a number of capabilities, such as the ability to reason, plan, solve problems, think abstractly, comprehend ideas, use language, and learning. Meaning implied in such statements illustrate that the understanding should not narrow on only one field alone, for example, only about financial problems, but more than that required more broadly reasoning for example, in the thinking of business development (Siagian, 2008; Reksohadiprodjo, 2008; Terry and Rue, 2010). This is particularly necessary given the supervisor not only as an evaluator alone but more than that to be able to act as consultant to the intelligence capable of providing input feedback brilliant for cooperative management.

In the end the various opinions above illustrates how a process of historical experience fishing the presence of prejudice into the development of a more meaningful discussion rather than normative. Interpretation without using a historical approach would be very difficult to understand the text as an object of interpretive. In addition to the precision of understanding (objectivity), the historical approach can also encourage interpreters to broaden horizons in developing the text for the future. (Bleicher, 2005:159). Gadamer assert show a historical approach contributed significantly to understanding and developing the text logically and objectively. At this level is needed scientific role of interpreter. In hermeneutic interpreter is required to actively analyze and even to be prejudiced against interpretive text (Gummesson, 2003).

The presence of a variety of interpretations as the development of normative reasoning on textual data led to a collaborative understanding between the textual and historical experience (Hambali, 2004). The collaborative product the delivery of products in the form of meaningfulness interpretation of terms that are specific and implication form, a statement that the figure should be their supervisors who know and understand about financial supervision, understanding financial statements, understand accounting and taxation, aware of the financial analysis. In line with the submitted Gadamer (Salahudin, 2011) creation is the work requirements specific prejudice the subject (the informant as interpreter). Subjects in analyzed experience given the opportunity to prejudice on the history of the text. In the minds of the subject has been loaded with prejudices, ideas and concepts, so a process of interpretation does not start with a blank mind. With the provision of prejudice, ideas and this is a subject capable of carrying

and herding history into an environment full of dynamics.

A prejudice that brought the subject then formed into a dynamic object through a stage dialog (Dostal, 2002). At its core is the substance of an understanding of the essence constructed of prejudice and tradition (a set of ideas, beliefs, and practices/habits that allows one to understand and relate to society) is essential for understanding (Salahudin, 2011). Supervisor must be individuals who have the qualities of character and personality that are useful or rational person himself or to others. He feels this is a clear principle of certainty of an argument, but he had to develop some and classify the "personal qualities" to be (a) the quality that is useful for others, (b) quality that is useful for itself, (c) qualities that can directly be accepted by others, and (d) the quality of which can directly be accepted by the people themselves. In carrying out its role should relate to employee cooperatives, cooperative management, cooperative members and even outsiders cooperative then the "personal qualities" to be things that need to be considered (Agoes, 2013; Bayangkara, 2008). Supervisors should have the consistency required that the supervisor must figure a figure that is consistent, of course, consistency in carrying out their duties is understood by the task in specific subjects. Law No. 17 of 2012 concerning Cooperatives (which has been canceled by the Constitutional Court) precisely regulate the quality requirements of personal explicitly as contained in Article 48 paragraph 2 letter a and paragraph 2, letter b which essentially (a) has never been a Supervisory or Management a cooperative or commissioners or directors of a corporation found guilty of causing a cooperative or company was declared bankrupt; and (b) has never been convicted of a criminal act that is detrimental to corporations, public finance, and/or related to the financial sector, within 5 (five) years prior to appointment. Not too much textual data that says watchdog cooperative recruitment practices. Some notes are quoted from various regulatory below illustrates that the recruitment process is not very much discussed in the laws or regulations of a cooperative. Rules Regarding Determination Cooperative Society of Association contained in the State Gazette No. 431 Indonesiain 1915, does not specifically regulate how the hiring process supervisor even where supervisor regarded as some thing that should not be there. Article 9 of this rule simply states that the board and if there are supervisors, elected by the members and can be dismissed at any time also if they are appointed for a specified period of time.

In the further development through Regulation About Society Cooperative Bumiputera contained in the State Gazette 1927 No. 91, introduced the term examination as stated in article 22 that states (1) management of association shall provide an opportunity for people to it is assigned with a written and general or special counsel, to conduct the examination. (2) The examination carried out

on the money, items worth money, about the accuracy and correctness of bookkeeping, the financial wisdom, about whether or not formally under the right (*rechmatigheid*) leadership management, and whether or not it material regarding the intent and purpose of executing the company (*doelmatigheid*), in accordance with the methods established by Counsel (3) On the results of the examination, and also on how the examination is done, done a written report to be communicated to the members. (4) If desired, the copy of the report submitted to the advisory. Interestingly though in this era has been introduced inspection problems but in the body of the cooperative figure examiner has not appeared to be part of cooperative intact, the inspector is outside parties only if required by their advisor examination.

Determination of General Regulations Cooperative Association contained in the State Gazette of 1933 No. 108, did not bring up the term supervisor or examiner, in relation to the examination then used the term "commission" as the executor of the examination, as stated in Article 27 (1) If the statutes do not set about surveillance top management member association, the meeting raised each year a commission composed of three members, the board should not be concurrent positions. Commission forecasts and accountability committee examine and report its opinion and the results of the meeting of members. (2) The Board shall give the particulars needed on the commission, and if required showing cash and valuables as well as books and securities belonging to associations. (3) The Commission is entitled to charge associations have seconded him most two staffs.

In the Dutch colonial period in which the existence of cooperative textually described through the regulatory rules as described above, the existence of voluntary watchdog is therefore the depiction of how the procedures for recruiting supervisor (examiner) can hardly be said no.

At the time of independence conditions are slightly changed the where abouts of Supervisors are specifically regulated in a separate chapter is chapter seven of the supervision and inspection on the Establishment of the Cooperative Society Regulation Society-1949 contained in the State Gazette 1949 No. 179. However, despite being introduced supervision or checks but where supervisor/investigator is still dependent on the appointment of the adviser. So thus the presence of supervisor/investigator does not form part of the organization of cooperative societies.

During the New Era, the Indonesia cooperative had two laws on cooperatives, namely Law No. 12 of 1967 and Act No. 25 of 1992. Both the Constitution Act merely states that inspectors/supervisor selected from and by the members at a meeting of members. Furthermore procedure for the election watchdog delivered through

the base budgets of each cooperative. Selection of limbs examiner (supervisor) can be implemented by way of a direct or indirect manner (Department of Trade and Cooperatives, 1982).

Supervisory cooperative is one of the equipment cooperative organizations which carry a mandate from members to carry out the supervisory function. Its existence through a decision of the highest institution is meeting members (Baswir, 1997). Member of the supervisory expectations so great because of the supervisory report will illustrate how performance management. All supervisory power dedicated to the advancement of the cooperative naturally will obtain recompense, whether in the form of reward money given on a monthly basis as well as remuneration in the form of distribution of net income that is specifically reserved to the supervisor. Textually record the rules and regulations that existed since the colonial era in the colonial period by the Regulation Regarding the Establishment of Cooperative Society, Indonesian State Gazette 1915 No. 431 (Verordening op de Cooperatieve Verenigen, Statsblad 1915-431) because of the nature of the facultative presence of supervisors who are not found an article that regulates remuneration for supervisors. Although still in the colonial period, setting the remuneration for the examiner (supervisor) is governed by Rule About the Association-Society Cooperative Bumiputera contained in the State Gazette 1927 No. 91 (Regeling Inlandsche Cooperatieve Verenigen, Statsblad 1927-91) in particular in Article 23, paragraph 2, which states that "*the examination fee can be charged by advisors whole or in part to the association*". Uniquely in Article 24 paragraph 2 states "*the cost of this examination, charged by advisors, in whole or in part on the creditor requesting conducted the inquiry*". This verse implicitly explain that an examination can also be requested by creditors in this case is the party that gives loans to cooperatives, this information explains how the presence of supervisors at that time was very facultative even arguably are outside the cooperative organizations. This regulation position to the examiner who only paid when asked to perform the examination. Even involved of advisor in arranging payments to the examiner when the examination at the request of creditors, provided for in article 24, paragraph 3 that read

*"advisory entitled to ask to be paid in advance by creditors of a fee set by advisors, in order to guarantee repayment of the costs referred to in the second paragraph"*.

In the era of 1933 through the Establishment of the General Regulation of the Cooperative Society of Association contained in the State Gazette of Indonesia 1933 No. 108 (Algemene Regeling op de Cooperatieve Verenigen 1933 Statsblad 1933-108), do not bring up

the term supervisor or examiner, in relation to the investigation used the term "commission" as the executor of the examination. At this time where the supervisor is very dependent on the articles of association, in the sense that if the statute does not require the supervisor then raised enough members meeting every year a commission composed of three members, the board should not be concurrent positions. Commission forecasts and accountability committee examine and report its opinion and the results of the meeting of members. The existence of supervisors in this period is more directed at the direction of the examiner it is reflected in the provisions which require the board shall give the particulars needed on the commission, and if necessary perform cash and valuables as well as books and securities belonging to associations. At this time no mention of the obligation to compensate the supervisor, but consider that the existence of supervisory possibilities can be regulated in the articles of association it is possible that the supervisor also receives a service fee. Subsequent developments mentioned many clues for the cooperative management fee stipulated in the bylaws of each cooperative.

There is no provision regulating how the amount of compensation for services supervisor, everything is left to the members' policies to determine the amount of the service fee. The amount of compensation for services supervisor with the board often indicates the number of differences that are sometimes quite significant, for instance in return (referred to as honorarium) for a supervisor per month is 125.000-200.000 rupiah (equal to \$20) being a caretaker, it addressed the differences between the different actors in the cooperative. The existence of supervisory indirectly to the attention of spectacles visible members of supervisory concern for recompense. Somewhat different from the cooperative that has the level of net income are quite large as the Women's Cooperative, considered to be the supervisor is not only the cornerstone of devotion but also the problem of the amount of remuneration. As businesses and enterprises that are not much different, just like the company's management with consideration for the cooperative business so that the business has developed and gained huge profits, the amount of remuneration into a form of recognition of the existence of surveillance.

Supervisors are evaluators who with his power will synchronize whether the decision, step, policy administrators do not deviate from the provisions in the annual meeting of members. The point of supervision is any business or activity to determine and assess the true reality regarding the execution of tasks or activities, whether in accordance with proper or not (specific criteria). The criteria in question is a Work Plan and Budget. Achievement will be measured by looking at the effectiveness and efficiency of budget team.

The main task of the supervisory functions performed

watchdog is to foster a sense of empathy for the implementers in this case the cooperative management in order to act in accordance with the plans of the organization. However a plan has been drawn up in a neat and applicable, a system has been designed to facilitate the implementation of the goals, but that was limited to the dish without any textual integrity coupled with encouragement to carry out in accordance with the provisions, it would be a disgrace. Supervisors will be a significant figure when able to foster urge the executive management to carry out its duties and functions in the organization established channels.

Examining the records cooperative connotes the examination of the administrative record good note of the activities of organizational, business, financial administration, and areas of the capital. Note related to organizational activities include a note containing the following information: state and development of the membership; meetings of members; state management; state managers; state employees; work plans and others. Records information related to business areas include the realization of each type of business activity include the volume and percentage of business for the benefit of members; a comparison between the budget plan and expenditure with revenue realization; deviations from the plan and a contributing factor as well as the wisdom of the board pertaining to business activities (Arens and Loebbecke, 2006). Note related to financial administration include records that contain financial information prior to the financial reporting information include; systems and accounting policies were implemented, the policy on internal control structure, manual accounting processes are documented; as well as financial administration notes that informs about the balance sheet, net income, cash flows and changes in equity. The characteristics of the cooperative form of business entity include the presentation of information about capital (equity). Basically a note of the capital noted specifically with classified between their own capital, outside capital and capital donations. Information on own capital obtained from the bookkeeping principal savings, mandatory savings, the remaining undistributed net income, reserves and others associated with their own capital. Information on outside capital obtained from the bookkeeping on long-term loans and short term loans. Information outside capital hinted on the board's ability to obtain loans from the outside. The cooperative as a business entity as existence governed by the law also allowed to accept donations or capital grants from both government and private sector. The donation donations should be reported on the financial statements of the cooperative.

Request information orally by the supervisor to the board will produce a written or verbal information. The information requested by the supervisor will include problem - a very widespread problem. Oral answers



obtained from the information request is a type of oral evidence. Generally oral evidence is not sufficient, but evidence of this supervision may indicate a situation that requires further investigation or gathering other evidence that will strengthen the supervision of the oral evidence. A dialogue needs to be presented to gain confidence in the information. Interaction supervisors and administrators must take place in a meeting of the opinion that each party has a historical understanding may not be the same. Trustees and administrators will initiate dialogue with prejudice each provision although in the end a result is expected to be obtained when an agreement on a certain thing. When not happen the meeting point of the result of a process of dialogue would be a record for supervisors in an accountability report. When a dialogue produced an agreement fixes a suggestion recommendation then will supplement the results of a dialogue, and become part of the result of an oversight. An entity how its size will get the same benefits as an oversight ends, namely obtaining a recommendation or suggestions for improvement.

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