

**ANALYSIS OF EFFECT OF MEMBERS, SCALE COOPERATIVE AND TOTAL
LIABILITIES ON DEMAND EXTERNAL AUDIT AND
IMPLICATIONS OF FINANCIAL PERFORMANCE
COOPERATION IN EAST JAVA**

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Abstract

The aims of this study are to examine the impact of cooperative's members, size and numbers of liabilities on external audit demand and to examine the implication of external audit demand on financial performance. This study used primary and secondary data taken from all cooperatives in East Java Province. Sampling method used is purposive sampling method (120 cooperatives). As for data analysis, this study used Path Analysis Method.

Based on the analysis result, it can be concluded that cooperative's members and size are statistically significant on external audit demand, however numbers of liabilities are not significant on external audit demand. It means, the bigger of cooperative's members and size, the higher the external audit demand. The result of this study also indicates that the higher external audit demand, the better financial performance of the cooperatives. The bottom line, external audit demand is depended on that cooperative's members and size, and has implication on financial performance of cooperatives.

Keywords: cooperative's members and size, numbers of liabilities, external audit demand, and financial performance.