

ENVIRONMENTAL ANALYSIS AS A BASIS FOR DETERMINING STRATEGY OF COOPERATIVE UNITS IN AMBON CITY

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ABSTRACT

Cooperation is either a grass-root economic movement or an entity having role in achieving prosperity society. Cooperation need to build itself and should be built to be self-reliant based on its principles so that it will become national economic foundation. Therefore, cooperation is hoped to be a stable, democratic, autonomous, participative and social economic organization. This research aimed at analyzing ability of internal factors (organization and institution, effort and business, service, member participation) or external factor (network) of KUD in measuring performance level as well as determining strategy alternatives which were appropriate with performance level of KUD. This research used Cooperative Capacity Analysis (CCA) with scoring technique and Basic Main Strategy Selection Matrix in choosing appropriate strategy for the KUD. Research showed that internal and external factor were able to determine the level of performance of KUD and grouped in two groups namely Good and Moderate. KUD classified as good was suggested to choose intensive strategy alternative by focusing on Concentrated Growth, Product Development and Market Development. While KUD classified as moderate was suggested to choose defensive strategy alternative by focusing on Goal Changing strategy.

Key words: *Environmental Analysis, Performance Measurement.*

ANALISIS LINGKUNGAN SEBAGAI DASAR PENENTUAN STRATEGI USAHA KOPERASI UNIT DESA DI KOTA AMBON

ABSTRAK

Koperasi sebagai gerakan ekonomi akar rumput masyarakat dan juga sebuah entitas berperan dalam meningkatkan kesejahteraan rakyat. Di samping itu, koperasi dibentuk agar percaya pada dirinya sendiri berdasar pada prinsip-prinsipnya sehingga bisa menjadi pondasi ekonomi nasional. Oleh sebab itu, lembaga ini diharapkan bisa stabil, demokratis, mandiri, serta bisa berpartisipasi sebagai organisasi sosial ekonomi. Penelitian ini bertujuan untuk menganalisis faktor kemampuan internal (organisasi atau lembaga, usaha atau bisnis, jasa, serta partisipasi anggota) dan faktor eksternal yaitu kerjasama dari koperasi (KUD). Metode yang dipakai adalah Cooperative Capacity Analysis (CCA) dengan teknik penilaian dan strategi dasar matrix selection untuk memilih strategi yang sesuai bagi KUD. Temuannya menunjukkan bahwa faktor internal dapat menentukan tingkat kemampuan atau kinerja KUD dan dikelompokkan ke dalam dua grup yaitu Baik dan Sedang. KUD yang diklasifikasi Baik disarankan memilih strategi intensif dengan memfokuskan pada pertumbuhan, pengembangan produk, dan pengembangan pasar. Adapun KUD dalam kategori sedang diharapkan memilih strategi defensif dengan memfokuskan diri pada strategi mengubah tujuan.

Kata Kunci: *Analisis Lingkungan, Pengukuran Kinerja.*

INTRODUCTION

As it is publicly known that cooperative entities consist of persons or groups of people with legal entity bases its activities on the principle of cooperation, that is a popular economic movement based on the principle of kinship. Cooperative existence as a phenomenon has become the economic pillar. For that reason, the role of cooperatives is very important in developing the economic potential of the people and in realizing the economic democracy that has the characteristics of community, kinship and openness. In that case, the cooperative economic organizations are expected to be stable, democratic, autonomous, participative, and having social character.

In order to increase national economic growth, a cooperative is expected to provide positive contribution through its efforts to reduce unemployment and alleviate poverty. Data from the Office of the State Ministry of Cooperatives and SMEs in 2007 showed that, nationally, the number of units of cooperatives as members is 27.04 million people that can create jobs for 307 648 people.

The number recorded in 33 provinces (440 regencies) is 138 411 cooperatives (Sinaga et al, 2008). However, the data presented above cannot be used as indicators of the success of cooperative efforts.

Quantitatively, the inactive cooperative institutions even reach the figure by 30%. This suggests that the cooperative as an economic institution has a higher degree of complexity. The complexity of this has affected the quality of cooperative growth, in which, it is very limited and tend to be less reliable for overcoming the socio-economic problems in the society. Cooperative activities as a business enterprise are not free from various influences, both internal and external environment. As Braverman, et al, (1991) concluded that the poor performance of cooperatives in many developing countries are generally caused by a number of both external factors and internal factors of the cooperatives. In 2007, statistics also showed that the cooperative increase in the number of cooperatives in several provinces in Indonesia, however it was not always followed by the development of quality. One of them is in the province of Maluku, as presented in Table 1.

Yet, with the Village-Unit Cooperatives (KUD), they are not fully able to fulfill what had been expected that a rural economic institution to encourage the low level economic society welfare. This fact can be viewed through KUDs in the city of Ambon as shown in Table 2.

It is clear that Table 2 provides informa-

Table 1
Development of Cooperatives and Members in Maluku Province 2005 - 2006

No.	Types of development	Year		Changes	
		2005	2006	Number	%
1.	Cooperatives	1.516	1.790	274	18,07
2.	Active Cooperatives	1.212	1.326	114	9,41
3.	Inactive Cooperatives	304	464	160	52,63
4.	Membership	160.440	82.975	(77.465)	(48,28)

Source: Cooperative Statistics 2007.

Table 2
Development of KUD in Ambon City 2006 – 2008

No.	Types of development	Year			Changes in %	
		2006	2007	2008	2006/2007	2007/2008
1.	Cooperatives	13	15	16	15,38	6,66
2.	Active Cooperatives	12	13	12	8,33	(7,69)
3.	Inactive Cooperatives	1	2	4	100	100

Source: SME agency and Cooperative in Ambon city.

tion that the change is much smaller for the active cooperatives when compared with the inactive cooperatives. On the other hand, there is positive change in the number of cooperatives, but this does not mean there are positive changes in the overall quality of cooperative business. General picture of the development of cooperatives and cooperatives as it has been presented in Table 2 makes the researcher interested in analyzing the growth performance of cooperatives (KUD).

However, for analyzing the growth performance of cooperatives, the determination of the strategy also has an important role in the development of business cooperatives. From observations of the development of cooperatives, McKenna (2001) describes the most salient characteristics of a successful cooperative. They are the application of a rational strategy and the appropriateness with the cooperative business environment in order to keep operating. Therefore, in facing the competition, all cooperatives are required to perform common strategies undertaken by modern enterprises (Tambunan, 2008).

Based on the above description, the problem this study is formulated as follows: (1) How does the ability of internal environmental factors (organizations and institutions, enterprises and businesses, services, participation of members) and external environmental factors (networks) assess the performance of the cooperatives in the city of Ambon, (2) How is the grouping of cooperatives in the city of Ambon in their performance, and (3) What suitable strategies are implemented in the cooperatives in the city of Ambon to increase their performance. These problems are aimed to analyze both the internal and external environmental factors referred as in assessing the performance of cooperatives in the city of Ambon. The KUDs are then categorized according to the level of performance and a suitable alternative strategy which is determined for implementation.

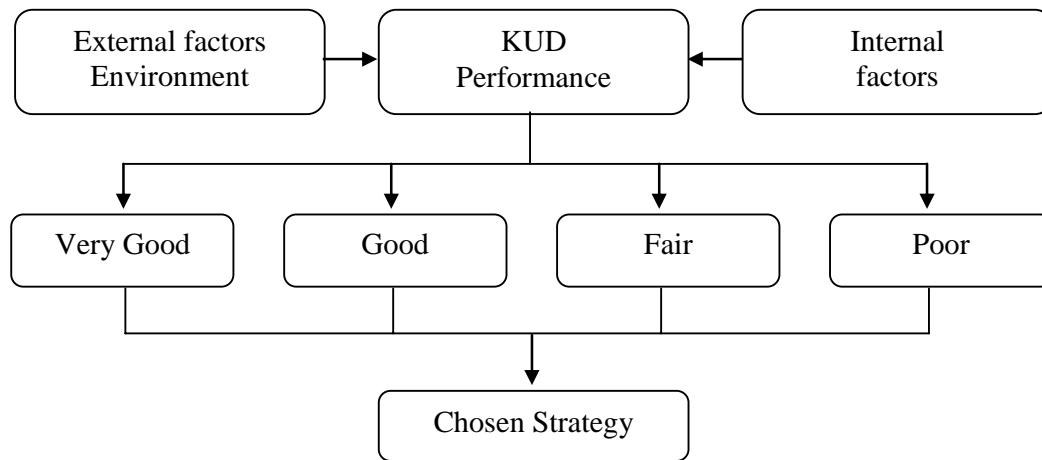
THEORETICAL FRAMEWORK AND HYPOTHESIS

It is a fact that the ever-changing environment leads to changes in business environment as well. Changes in the business, for example, must be anticipated by selecting the appropriate strategies and actions so that the companies can survive and even win the competition (Yoshida, 2006). A process of environmental must be done for monitoring the organization so that they can identify opportunities and challenges that affect the company's ability to achieve its objectives (Dirgantoro Crown, 2004). There are two main environmental factors that should be taken into consideration in the strategy. They are changes in the external environment and internal environment in a company (Hariadi, 2003).

In addition, Glueck and Jauch (1999) stated that the Internal Environmental Analysis is the process by which the planner examines strategies of marketing and distribution companies, research and development, production and operation, resources and employees of the company. It is also used to determine the factors of financial and accounting to determine which company has the ability to make use of opportunities in the most effective so that they can deal with threats in the environment.

The company's external environment includes the factors outside the business that affect the company's activities (Fuad et al, 2001). In other words, the factors beyond the control of a company can influence the choice of direction and action, organizational structure and internal processes (Pearce and Robinson, 2007). In that case, an analysis of internal and external environment can be used to reveal the potential of the main strengths (core competence) which are derived from the capabilities and resources of the company (Haryadi, 2003). Potential strength of the company shows its performance levels. Tambunan (2008) stated that a cooperative as a business entity, in carrying out activities to achieve its goal, is influenced by both internal and external en-

Figure 1
Framework of the Research



vironment at the regional, national, and international scales.

Another factor is the success of cooperative. It is often measured by the level of performance. In this case, performance measurement system aims to help managers assess the achievement of a strategy by means of financial and non financial measures. Hurima and Hilgert said that the performance is a critical tool in a process to achieve organizational goals. Through performance, indicators can be measured based on the specific size and in the unity of time (Swasto, 1996). In addition, the performance of cooperatives is also a measurement used to assess the condition of cooperatives which is influenced by internal factors and external factors. These factors must be managed properly to achieve the optimal performance of cooperatives.

The performance level can be used for determining suitable and appropriate strategies for the company. Hariadi (2003) argued that the management strategy is a systematic process designed by management to formulate a strategy, execute strategy, and evaluate strategies so that they can provide the best value for all customers for realizing the vision of the organization. So, the stronger the overall company performance, it is the smaller likely to need a radical change of strategy. When declining a performance, usually it is identified by being lack of

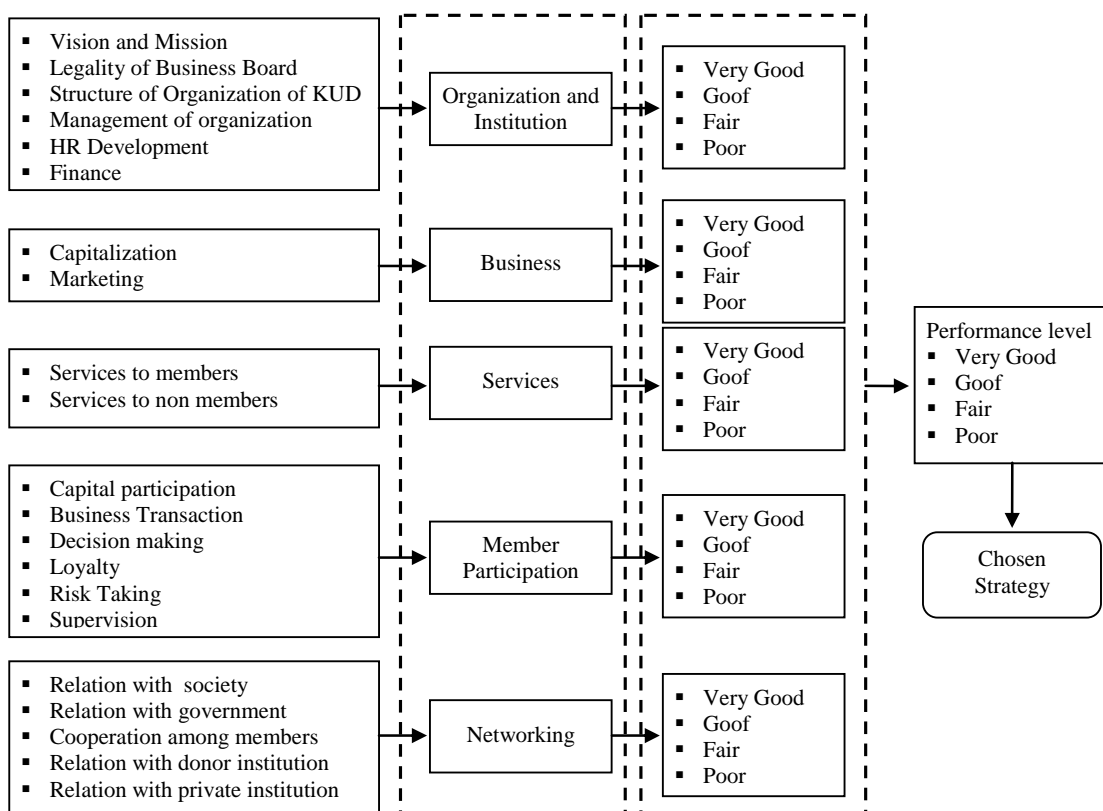
proper selection strategy or weak implementation of the strategy or both (Hariadi, 2003). Thus, it can be seen that performance and strategy can not only be done through a single connection to the relationship between strategy and performance. Yet, it can be connected with the measures of performance against the strategy (Govindarajan and Gupta, 1985; Abernethy and Guthrie, 1994; Ittner et al., (2003).

As argued and based on the previous studies, the researcher chose the cooperatives in the city of Ambon. The study analyzed the ability both dealing with internal and external factors in assessing the performance of cooperatives. Thus, the framework is shown as in Figure 1.

As presented in Figure 1, the research with the factors is established suited to the conditions faced by business and the environment and with the objective of the study. Therefore, based on the theoretical framework above, the conceptual model framework which is used in this study appears as shown in Figure 2.

It is clearly seen in Figure 2, that the researcher proposed the hypothesis that internal environmental factors (organizations and institutions, businesses and business, service, and participation of members) and the external environment (networks) are capable of measuring the performance of cooperatives in the city of Ambon. This hypothesis

Figure 2
Research Framework



is only for the first formulation of research problems. The formulation of the second and third issues, are not raised in the hypothesis. This is due to the condition that formulation of the problem of the second and third studies is descriptive. This means that the formulation of the problem of the second and third shows the problems that have automatically been proven in the first issue.

RESEARCH METHOD

The internal factors (organizational and institutional, business and the business, service, and participation of members) and external ones (networks) of the cooperatives are analyzed and categorized according to the level of performance. Later on, based on these performance levels, the researcher determined a new strategy that is suitable for the development of cooperatives in the future. Ambon city was chosen as a research location for the reason that every year, the increasing number of active to inactive cooperatives showed a decrease in quality of

their performance.

The population covers the Village Unit Cooperatives (KUD) in Ambon. Based on the data from the Office of Cooperative in Maluku Province, it is known there are 16 cooperatives in the city of Ambon, and these were used for the population. Yet, the sample is selected by 8 cooperatives that have specific requirements. The sample was taken by accident or purposive sampling. The sampling in this case is limited to the cooperatives that meet certain criteria and considerations such as a) they have been incorporated at least 1 year, b) they have conducted the Annual Members Meeting (RAT 2009), and c) they are still active in 2009.

The data were taken from direct respondents or the primary data for the research samples and all were related to the secondary data.

a. Primary data were collected by interviews, with a list of questions (questionnaire) to be filled by the respondents, regarding questions relating to the assessment of study

Table 3
Scoring and Weighting

Factors or Variables		Score/ Value				Weight
INTERNAL ENVIRONMENT						
Organization and Institution of KUD						3
1.	Vision and Mission	1	2	3	4	
2.	Legality of Business Board	1	2	3	4	
3.	Structure of Organization of KUD	1	2	3	4	
4.	Management of organization	1	2	3	4	
5.	HR Development	1	2	3	4	
6.	Finance	1	2	3	4	
Business of KUD						3
1.	Capitalization	1	2	3	4	
2.	Marketing	1	2	3	4	
Services						2
1.	Services to members	1	2	3	4	
2.	Services to non members	1	2	3	4	
Member Participation						2
1.	Capital participation	1	2	3	4	
2.	Business Transaction	1	2	3	4	
3.	Decision making	1	2	3	4	
4.	Loyalty	1	2	3	4	
5.	Risk Taking	1	2	3	4	
6.	Supervision	1	2	3	4	
EXTERNAL ENVIRONMENT						
Net Working						1
1.	Relation with society	1	2	3	4	
2.	Relation with government	1	2	3	4	
3.	Cooperation among members	1	2	3	4	
4.	Relation with donor institution	1	2	3	4	
5.	Relation with private institution	1	2	3	4	

Source: LAPENKOP

variables on the performance of cooperatives concerned.

b. Secondary data were obtained from various agencies in the form of reports or documents originating from the Central Cooperative Village Unit Cooperatives and cooperatives.

The data were collected and measured using the Rating Scale. For analysis purposes, the instruments referring to the response of each item was scored 1-4., ranging from very positive to very negative. For examples, excellent (score 4), good (score 3), fairly good (score 2), and poor (score 1). Furthermore, these variables were weighted according to the importance of each vari-

able. The weight given to reflect the perception of the importance of one particular factor compared with other factors (Siagian, 2007). The weight is based the cooperatives' response to these factors of importance as shown in Table 3.

The variables were measured and grouped according to the value that indicates the level of performance. The performance assessment describes the level of the cooperatives' success, from excellent to poor. Performance levels are grouped as shown in Table 4.

To test the validity, the researcher used a test of construct validity by using item analysis, which calculates the correlation

Table 4
Measurement of Performance Level

No.	Performance Level	Value
1.	Very Good	$3,5 < x \leq 4,0$
2.	Good	$2,5 < x \leq 3,5$
3.	Fair	$1,5 < x \leq 2,5$
4.	Poor	$1,0 \leq x \leq 1,5$

Source: LAPENKOP 2007

between scores coefficient item and total score using a significance level of 5%. The approach used to test the validity of the item (question) is the Product Moment correlation equation. The reliability test used a formula coefficient alpha Cronbach. Reliability of an instrument will be accepted if it has a minimum value of reliability coefficient 0.60 (Sigit, 2001) so it can be interpreted that the instrument can be used as a reliable data collection.

Data Analysis Methods

Data analysis was done in three stages, namely through descriptive analysis and analysis of Cooperative Capacity (CCA) and the Primary Strategy Selection Matrix analysis or Basic. Descriptive analysis was performed to determine the frequency distribution of answers from the questionnaires filled by the respondents. The answers include internal environmental variables (organizational and institutional, business and the business, service, and participation of members) and external environmental variables (networks). By having the frequency distribution of items or variables and the average score of the item or variable, it can show the state of the item or variable under study. The Cooperative Capacity Analysis (CCA) is a form of cooperative performance analysis based on the ability of cooperatives that are influenced by internal and external environment. The analysis was performed using a scoring technique. As for the stages in the CCA analysis can be performed as follows:

1. Summing the item scores of the respondent's answer, divided by the number of

items tested. This applies to each indicator.

2. Summing the scores of each indicator variable, divided by the number of indicators in the test.

3. Multiplying the total score of indicators by weighting variables that have been determined to get a weighted score. This was done to determine the capability of each variable in the form of performance

4. The total weighted score was further divided by the total weight of the indicator. These results can indicate the level of cooperative performance.

5. The cooperatives are grouped according to the predetermined level of performance.

Next is to create the Main Strategy Selection Matrix Analysis. The use of matrices in this study is intended to put the performance of cooperatives in the areas or strategies in accordance with internal and external conditions of the cooperatives. The main strategy of selection matrix is a reliable technique in choosing a strategy of the parent cooperative. This metric is to conduct internal or external pressure for growth or profitability (Pearc, Robinson, 2007). The selection of strategies in the strategy of the parent cooperatives will go through the steps as follows:

1. The cooperative performance levels that have been analyzed are placed in the field of the matrix according to the strengths or weaknesses of internal and external factors and the opportunities and threats that are faced by these cooperatives.

2. After the field of the matrix (Quadrant I, II, II and IV), then define the main strategies that can be done.

3. Implement the chosen strategy of the par-

ent appropriate cooperative premises in their operational functions.

DATA ANALYSIS AND DISCUSSION

Performance Measurement

Based on measurements of the internal and external variables, the performance of each variable on-of the cooperative in Ambon could be explained as follows:

Organizations and Institutions

Organizational and institutional variables are described by the indicators of the vision and mission, organizational structure, organizational management, human resource development, finance, and facilities showing contribution of variables that form performance, in which they are not much different among the cooperatives. In general, contributions of organizations and institutional variables in measuring the performance of cooperatives in the city of Ambon achieve a weighted score of 9 or have the ability to measure the performance of 75.01%.

Enterprises and Business

Business and enterprise variables are described by the indicator of capital and marketing. In general, the contribution of variables forming cooperatives performance is at a weighted score of 8.28. This means that the variables of business enterprises and cooperatives have the capability of 68.96% in measuring the performance of cooperatives

Service

The next variable is explained by indicators of service to members and service to non-members. This contribution to the variable variable-forming performance is at a weighted score of 6.17 which means that this variable has the capability KUD of 77.16% in assessing the performance of cooperatives.

Participation

The variable of participation is explained by the participation of members indicated by of the capital participation, the transaction of business, decision making, loyalty, bearing the risk, and monitoring. This shows the value of diverse contributions of variables. On this variable, the contribution made in measuring the performance in village cooperatives is the weighted score of 5.11. This means that the variable participation of the members have the capability of 63.84% in measuring the performance of cooperatives.

Network

The network variables are the external factors in which the contribution of the variables is the weighted score of 2.62. This means the ability of network variables in shaping the performance of cooperatives is totaled to 65.61%.

According to the grouping the cooperative performance levels, the contribution of

Table 5
Classification of KUD Performance in Ambon

No.	Names of KUD	Performance Value/Score	Standard value/Score	Level of Performance
1.	KUD Jabal Rahmah	3,26	$2,5 > x \leq 3,5$	Good
2.	KUD Pancuran Tujuh	2,39	$1,5 > x \leq 2,5$	Fair/Good Enough
3.	KUD Tri Dharma	2,98	$2,5 > x \leq 3,5$	Good
4.	KUD Ina Tuni	2,92	$2,5 > x \leq 3,5$	Good
5.	KUD Tunas Baru	3,16	$2,5 > x \leq 3,5$	Good
6.	KUD Hundap	2,88	$2,5 > x \leq 3,5$	Good
7.	KUD A Leteua	2,89	$2,5 > x \leq 3,5$	Good
8.	KUD Hua Aman	2,72	$2,5 > x \leq 3,5$	Good

Source: processed data

each variable is the overall value of each performance level. Value or performance level is then used to group the cooperatives by category that has been standardized. Each performance level of the cooperatives is shown in Table 5.

Table 5 shows the classification of cooperatives, so that it can be seen that in general the cooperatives in the city of Ambon are classified properly. Of the 7 cooperatives that were analyzed, Pancuran Tujuh is good and one unclassified. The cooperatives of Jabal Rahmah, Tri Dharma, Ina Tunisian, Tunas Baru, Hundap, A Leteua and Hua are an in-categorizes ones which has a good performance level. This is evidenced by the number of performance values of 2.72 to 3.26 which is within the scope of the standard of good performance (2.5 3.5), Pancuran Tujuh cooperatives are included in the category with a pretty good level of performance. This is indicated by the number of performance values of 2.39 which is within the scope of the standard of performance therefore it is quite good. Thus, it is known that the cooperatives in Ambon are in two classifications: good and pretty good.

The results of measurement of the cooperative performance were classified according to their performance level. Differences in the level of classification and the ability of cooperatives in addressing the internal and external environmental changes they were encountered. Differences in attitudes shown each cooperative was triggered by differences in ability (strength and weaknesses) that were owned and the opportunities and challenges they were encountered.

The cooperatives which are classified e.g., Jabal Rahmah, Tri Dharma, Ina Tunis, Tunas Baru, Hundap, A Leteua, dan Hua Aman. In general, they are weak in the industrial and business networks. In the field of business, the cooperatives generally have difficulty in raising the capital source from the members' businesses. This is due to low compliance by the members to pay compulsory savings, voluntary savings and principal savings. Likewise, some banks are closed for

the access through a standard tight financing or loan.

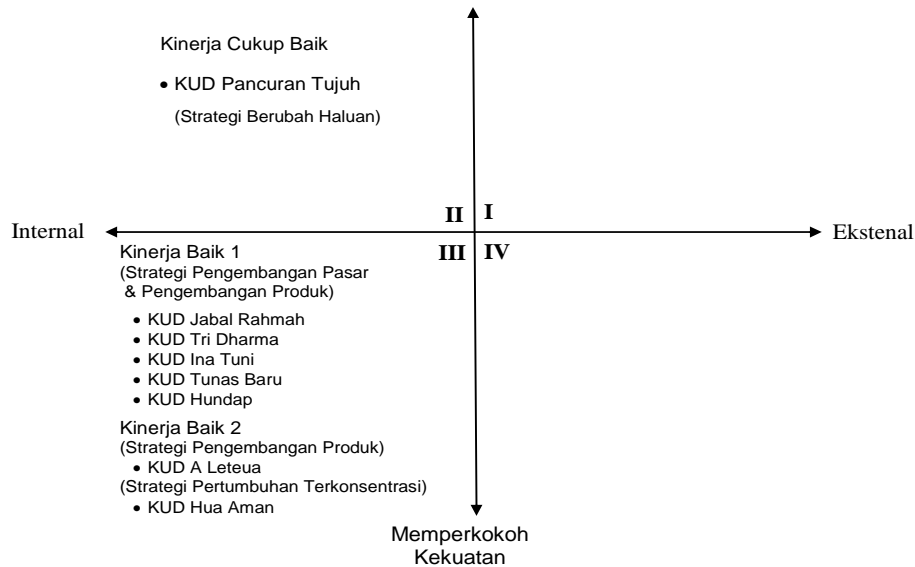
For the field of marketing, the cooperatives generally are not yet able to meet existing market opportunities. Unit of trade is still limited to value of the goods traded. In the network, generally, they have difficulty in cooperating with donor agencies and the private sector. This is due to the limited access of cooperatives with those institutions. However, behind all the weaknesses by the classified cooperatives, they also have the advantages that can be used to improve the quality of the business, such as the following.

- 1) The members have a good understanding of the vision and mission and legal entities in accordance with applicable rules, structure and management of good organization, so the organization can carry out their respective functions,
- 2) There are still banks that lend money to the cooperatives in accessing capital venture,
- 3) There is still an obedient member to pay compulsory savings and voluntary savings,
- 4) In general, they are still able to provide an opportunity for members fairly and equitably in education and training in business development and improved quality of the member cooperatives.
- 5) The attitude of most members of the loyalty and control over the performance of the board and management continue to exist to make the cooperative economic growth amid rapid urban in Ambon.
- 6) The cooperative partnership with indigenous communities and institutions is good. Similarly, the government is working with cooperatives. This will encourage the success of the program for strengthening economy.

The Quite Good Cooperatives

This group is classified fairly well (Pancuran Tujuh) generally has a weakness in the performance measurement of each variable that has lowered the value of the performance of cooperatives. Weaknesses are in the following areas: Organizational and institutional

Figure 3
Position of Basic and Main Strategy for KUD



variables on the classified these cooperatives are good enough. It is identified being lack of understanding in the organizational structure of duties and responsibilities of each. Additionally, Standard operating procedures (SOP) is arranged, but not done regularly for updating and reporting system is not prepared in accordance with archival principles. Further assessment of the performance is evaluated periodically and the selection and placement of employees are not held in an open and competitive way. For the financial sector, managers are less transparent in reporting to members.

In the field of business, the cooperative capitalization is lack access to bank due to also being lack of ability to meet the standards or criteria for financing. In terms of marketing, they are not able to meet existing market opportunities. For the field service, they are not yet in uniform in providing educational opportunities to all members for training. So, new opportunities are perceived by some members of the course so that the manager must be fair and professional to them. The role in increasing the contribution of cooperatives is that they cannot do business optimally.

Their participation in the field--business transactions through the repayment of loans—is said to be as less good members.

They have low loyalty, because they are less obedient in following institutional mechanisms and procedures, lack of control by their managers, as well as a willingness to bear risk in business. They have the disadvantage of working with the private sector networking, and cooperation among cooperatives and cooperation with donor agencies. This is because they are less active in joint activities between the cooperative. Besides, they are also lack of access to institutions and private donors.

The cooperatives which are classified fairly well still have the power that can be used to improve the quality of its business. These cooperatives are as the following. 1) they still have members, administrators, and managers who remain loyal to the development of cooperatives, 2) Members who have opportunity to follow the education and training, still continue to provide capital contributions and involvement in improving the business of cooperatives. 3) they still have a good relationship with the surrounding community as well as traditional village institutions and cooperation with the government.

Selection of the Strategy

The analysis was carried out simultaneously on the cooperatives' internal and external

environment and this was demonstrated to management on the identification of strengths and weaknesses they have. By using a combination of strengths to overcome weaknesses and strengthen through the utilization of internal and external environment, the strategy can be seen in the field as the matrix that shown in Figure 2.

It is clearly identified that the cooperative which were not as Good category are Jabal Rahmah, Tri Dharma, Ina Tunj, Tunas Baru, Hundap, A Leteua dan Hua Aman. As such, the cooperatives are in the field in the matrix strategy selection strategy III as primary or basic. In the internal side, they have strength greater than weaknesses. In the external side there were two parts. The first is that of the external KUD has a greater opportunity than a threat (KUD Jabal Rahmah, Tri Dharma, Ina Tunj, Tunas Baru and Hua Aman). It can be seen in the large capacity in cooperation with various parties. KUD in the second is that of the external facing greater threats than the opportunities of the (A Leteua, and Hua Aman). With these two conditions KUD the strategy can be selected are as follows.

KUD of the Classification of Type 1 (KUD Jabal Rahmah, Tri Dharma, Ina Tunj, and Hundap and Tunas Baru)

In this condition KUD strengthened the internal strength of the organizational and institutional partly understood by both of the components of the organization, outstanding service to members and non members as well as active participation of members who are also quite good. In terms of external, KUD has an opportunity to utilize the cooperation with various parties. This cooperation will further strengthen the position of cooperatives in the market and improve performance. Therefore, alternative for operational strategies that can be taken are:

Market Development Strategy

Market development is a development towards a new market for existing products. Implementation strategies can be supported

by KUD in a good condition and the magnitude of market opportunities that can still be used. KUD can take advantage of the good cooperation relations with the government and with donor agencies and the private sector to facilitate the opening of new distribution channels with better quality, reliable, and inexpensive.

Market development strategy that must be chosen is the strategy that can be used by cooperatives Tri Dharma. KUD that can execute market development strategy is the fishery and agricultural products to expand the marketing area (not just one company). They can utilize a co-operation with governments and donor agencies and the private sector. It can be developed on a fishery companies (for fisheries) and food companies, cosmetic or pharmaceutical (to produce).

The Strategy of Product Development

This is a common strategy involving substantial modifications to existing products at this time and can be marketed to current customers. Product development strategy chosen as strategies that can be used by KUD KUD, is as the following.

1. KUD Jabal Rahmah (Business Savings and Loans)
2. KUD Tri Dharma (Business Savings and Loans & Waserda)
3. Ina Tunj KUD (Business Savings and Loans & Waserda)
4. Tunas Baru (Business Savings and Loans & Waserda)
5. Hundap (Business Savings and Loans & Waserda)

Cooperatives with savings and loans unit can modify the rules of savings and loan in the amount of certain loans by adapting to their capability to pay the customer / member but still give priority to the sustainability of cooperatives. KUD can apply conditional loan repayment agreements (interest rate by a specified period, or bonus for deposits on a certain amount). If during the application of the savings and loan system, it should be based solely on the determination of interest

rates by one per month and three months without thinking about the risk of late payment the loan can be a strategy is as follows.

Determination of interest rates not only per month and one per three months, but can be set again for a period of six months and twelve months.

The loans are not repaid on the agreed loan period; loan interest charges automatically follow the provisions in the period subsequent loans. For example, the agreed loan repayment period of three months when it came to the end of that period can not be redeemed (repaid partly new) then enters the fourth month, a residual value of the loan will bear an interest rate in the current period.

Loans that are not well paid in a period of one year the loan burden will be imposed on the SHU to be received by the member concerned. This means that the division of SHU, the concerned member will receive the right after the cut value of outstanding loans.

For non members, the loan can be provided with the goods as security deposit / loan or collaterals. Guarantee or collateral is also applicable to members of cooperatives with certain amount of loan.

Likewise, the cooperatives that have watershed business unit, can make modifications to the rules of buying and selling (cash and credit) through the rules at a particular time period or a bonus on certain amount of purchase

KUD with Classification of Good Type 2 (Lateua and Hua Aman)

In this condition, KUD has internal strength the same as Type 1 above, but they have weaknesses in the external sides where the cooperation relationship with other parties is not so good. For that reason, with their strengths, they can choose the strategies as the following.

Product Development Strategy

This strategy is the same as in type 1 that can be used by KUD for the business of saving and loans. Such a strategy becomes their

chosen strategy for KUD A Lateua and Hua Aman. They can modify the regulation than can induce their spirit to keep transaction with KUD. This can also support them to get profit considering their position (Village of Laha and Hukurila) these are quite far from Ambon city.

Concentrated Growth Strategy

This is to allocate the growth effort to get profit on single product or certain product. KUD can concentrate on a certain product they think is the winner product. This strategy can be done by KUD Hua Aman. They can sell Sereh Oil and Cloves. They can be supported by the different markets. So far Kayu Mutih Oil has penetrated the market, but Sereh Oil can also penetrate the market because it has special advantages even more effective than Kayu Putih Oil.

KUD with Classification of Good Enough

For this kind of KUD, such as Pancuran Tujuh, this is in the field of II from the main strategy matrices. They have bigger problem in their internal factors. Even they also have external problems. They therefore have little opportunity in doing business externally. Therefore, they are suggested to have a strategy to keep standing (defense). They need guidance because they are so weak to get opportunity. There are some alternatives to be done as the following.

Strategy of Changing the Vision

They need great changes to improve their performance for making them safe so they should do things as follows.

Restructuring, focusing on organization structure. They are required to determine their components commensurate with the present development. KUD Pancuran Tujuh can do rationalization.

Awareness, through revitalization of their business goal and services. They should determine their segment and maximize their markets. For example, they can focus on fishery.

Maintenance, with the target of rehabilitation of the KUD performance to be sus-

tainable. This can be done by fulfilling their members' rights such as the profit division and the like. This is also done fairly.

Besides that, KUD in this type still have support from society and cooperation with the surrounding people there. By doing all this, the government programs in empowering the people economy can work well. KUD therefore should be active with the government programs.

CONCLUSION, IMPLICATION, SUGGESTION, AND LIMITATION

It can be concluded that internal factors (organization, institution, business and effort, participation and services of the members) and the external factors (networking) have become the factors that can measure the KUD performance in Ambon city. Based on the analysis, KUD in Ambon can be classified into two: Good enough (A Lateua and Hua Aman) and KUD with Good ones (Jabal Ramah, Tri Darma, Ina Tunj, Tunas Baru, and Hundap).

However, KUD with Good enough can be directed towards the implementation of two strategies namely Changing the Direction or Vision and KUD with Good type can be directed towards the implementation of three strategies such as market development, strategy for product development and concentrated growth. The implementation of such strategies is conditional in the sense that these strategies are suited to their human resources capability.

The effect of internal and external factors of the cooperatives or KUD can shape up their performance and in turn such performance can also determine their strategies for responding the tight competition in business world. In such a condition, internal and external factor analysis is very important for them. Based on the regulation issued by the Ministry of Cooperatives and Small-Medium Business, No. 22/PER/M.KUKM/IV/2007, and Independent institution (LAPENKOP), there are some variables that should be used for measurement for understanding by the members toward KUD performance as the

following.

Organization and institution (internal), such as measuring the members understanding towards the vision, mission, goals, and institution policies.

Efforts and Business (internal) measuring financial soundness and productivity in doing the business.

Services (internal) measuring services given by the members in their business.

Members' participation, measuring active role by the members in developing and keeping their existence in KUD for the business.

Networking, measuring KUD potential in developing business networking and cooperation with other parties.

Based on the research results, it is in general, that the above variables have good effect on measuring the KUD performance and therefore, these factors are used for determining the strategies. The level of performance can be used for classification of the KUD into Good and Good enough. Type 1, have greater internal and external ability but Type 1 have less than type 1. KUD with type 1 can choose the strategy of market development by benefiting from the good cooperation with government and other parties. KUD with type 2 can choose the strategy of the same as type 1 by modification of the regulation towards the saving and loan business expected by them. The policies on saving and loan can motivate the members and customers to do transaction with responsibility.

Besides concentrated growth strategy can be applied to the cooperatives of this type, they must have a unique product. This strategy can be effective because the KUD has good internal condition and size of market opportunities that can still be used. It is inevitable that by utilizing the good cooperation relations with the government and by several other cooperatives, cooperatives still have a chance to open up new distribution channels with better quality, reliable and inexpensive. These can be done by increasing relationships with government and

community as well as the market opportunities.

For the cooperatives which are classified good enough, they can use a changing strategy for improving performance than has been declining. This strategy should be chosen in order to restructure and rehabilitate the internal conditions and maximize the ability of external KUD's possession. Cooperation with communities and local governments can be conducted for refreshing the performance of cooperatives that are declining. By considering the structure of village government in Maluku is customary structure of government in which the leader holds the highest authority in the village with customary rules recognized by the state and the relationship of government to the peoples can be the support for expediting the strategy to be implemented.

For further research, the researchers may focus on testing other factors which might affect the performance of cooperatives (including cooperatives). In addition, the empowerment model of government and the characteristics of HR administrators, managers and supervisors can be used as an instrument to measure the performance of cooperatives and the determination of the strategy implementation.

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