

THE RELATIONSHIP BETWEEN PERFORMANCE AND BENEFITS OF AGRICULTURAL COOPERATIVE TOWARD FARMERS' ECONOMY AND BEHAVIOUR IN THE DISTRICT OF KOLAKA

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Abstract

This study aimed to determine: (1) an analysis of the cooperative's performance based on the agricultural criteria in the district of Kolaka, according to the guidelines on cooperative fostering and cooperative classification; (2) the performance of the cooperative as perceived by farmers and cooperatives management; (3) determine the benefits gained by farmers as members of cooperatives; (4) an analysis of the relationship between performance and the benefits obtained by farmers as a cooperative member. The results showed that, based on the Guidelines for Cooperatives Classification, the performance of agricultural cooperatives in Kolaka in 2007 was on the average of 61.58 and fell within the "quite well" category. In 2008 the average performance of 62.05 and cooperatives are included in the category quite well. In 2009, the average performance of the cooperatives was 62.38, remaining in the same category. In 2010 the average performance was 61.28, also staying in the category of "quite well". Furthermore, the management of cooperatives as well as the majority of stakeholders considered that the agricultural cooperatives in Kolaka met the criteria of "quite well", as many as 48.75%. The majority of respondents (65%) considered the agricultural cooperatives in Kolaka helpful. Based on SEM analysis, the relationship of the agricultural cooperative performance was found to be positively correlated to the benefits obtained by farmers. Standardized coefficient value of 0.85 has a value of 14.40t statistic. Standardized coefficient value of 0.85 indicates that the performance and benefits of the cooperative have a real relationship closeness. Sequentially the components of performance that contribute from the largest to the smallest are, firstly, the concern for the community, which is equal to 0.86. The component of voluntary and open membership component is 0.80. The component of democratic control by members is 0.79. The component of economic participation of member is 0.71. And the component of education and training is 0.25. Regarding the components of the cooperative benefits, the components that contributes sequentially, from the largest to the smallest, are the economic benefits of marketing, that is equal to 0.96; the benefits of a large savings and loan with 0.88; the economic benefits of farmers needs 0.86; and social benefits 0.48.

Keywords: performance, cooperatives, economic benefits, behavior, SEM

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INTRODUCTION

Economic development is aimed at achieving a balance between economic sectors based on economic democracy. In the context of economic populist or economic democracy, the production and consumption activities are carried out by and for all members of the community, while its management is under the leadership and supervision of the community members themselves (Mubyarto, 2002). This principle of economic democracy can only be implemented in a cooperative institution that is based on the principle of kinship.

Agriculture is an economic sector that contributes most to the Gross Regional Domestic Product (GDP) in the Southeast Sulawesi, with a contribution of 33.34% in 2010. This indicates that agriculture is an important economic sector in the province, and as for Kolaka district, this sector is also the largest contributor to GDP, as is shown by the current prices obtained by the region, which is 30.67%, and as well plays a dominant role in providing the employment to people. In fact, 61.42% of the total population, or 82.240 people to be exact, are working in this sector.

According Supardin and Rohana (2007), farmers in Southeast Sulawesi, in particular those within the community of wetland farming, meet their necessities of life by working as a farm laborer, construction labour, and grain carrier. These work are done because to date their land cannot be planted. What were once productive rice fields are now unreliable to support their life. Unavailability of

irrigation and inadequate means of production are the main reasons for the tragedy. The same condition is apparent in the community of dry land farming. To make ends meet, people there have to work as farm laborers or to become unskilled laborers in other areas. One of the organizations that can help to solve this undesirable condition is cooperative. According to Baga (2006), a development of cooperative institutions, be it agricultural farmer groups or cooperatives for farmers, is especially very important in increasing agricultural production and farmers' welfare.

Southeast Sulawesi has gained the highest percentage in the achievement of qualified cooperatives over the last four years, as compared to 32 other provinces. Based on the data from the Ministry of Cooperatives and SMEs, during the last four years Southeast Sulawesi has been targeting 567 qualified cooperatives. Good performance on the business conducted by agricultural cooperatives can have benefits both in economic and social aspects of people, especially farmers. Cooperatives are tasked to produce economic benefits in an effort to support increased economic activities by its members, as stated in SFAS No. 27, 1999, 03. Paragraph d: the main task of cooperative corporation is to support the economic interests of its members with a view to promote the members welfare (promotion of the member's welfare).

Data analysis uses the methods of: (1) Structural Equation Model (SEM), and (2) descriptive-qualitative. The results of the analysis revealed the following

important findings: the performance of rural cooperative units (KUD) in the province of Bali is influenced by some internal and external factors. The internal factors are significantly affected by members participation, human resources (HR) and activities, whereas such factors as management, liquidity, solvency have no significant effect. Factor of members participation is affected significantly by the length of service users by KUD members, frequency of meetings attended by members of KUD, and is not significantly affected by the repayment of compulsory and principal savings, awareness of cooperative activities (election of officials). Human resources factor is significantly influenced by the number of employees and frequency of training, and insignificantly influenced by the level of education. Activity factor is influenced by the ratio of inventory turnover, the ratio of working capital turnover, and the ratio of average accounts receivable turnover (Antara and Komenanung, 2004).

This study aims to: 1) Analyze the performance of agricultural cooperatives in the district of Kolaka according to the cooperative classification guidelines, 2) Determine the performance of the cooperative as perceived by farmers and cooperatives management, 3) identify the benefits gained by farmers as members of the cooperative, 4) Analyze the relationship between performance and benefits obtained by farmers as members of cooperative.

METHODS

The sample taken for this research were: (1) ten agricultural cooperatives in the district of Kolaka. The ten samples were considered a representative of the population, since they constitute half of the total population. The technique used to select the sample was purposive sampling. The criteria of samples to be included in this study are: (a) the agricultural cooperatives must have conducted the 2010 closing RAT and issued yearly financial statements, with a base period of December 31 of the calendar year; (b) the agricultural cooperatives must have been operational for at least the last five years. (2) Regarding the farmers, the samples were determined by the method of Quota sampling. Of all farmers-members of the ten cooperatives which meet the requirements for the research sampling, ten of them who have joined the membership for a minimum period of one year were taken as the samples. (3) Non-farmers who become the cooperative members were selected purposively— they consists of one supervisor, three boards, and one staff.

This research employed both primary and secondary data. The primary data was derived from the responses to questionnaires provided by cooperative management and stakeholders. This data was used to assess the performance and benefits of agricultural cooperative in Kolaka district. The data obtained were in the form of: (a) the financial statement or balance sheet of 10 agricultural cooperatives in Kolaka within the period of 2006-2010; (b) the income statement

made by the 10 agricultural cooperatives in Kolaka within the period of 2006-2010.

Method of Data Analysis

1. An analysis of distribution frequency was used to determine the performance of the agricultural cooperatives in Kolaka, in accordance

to the Guidelines for Cooperative Classification, Decree of Ministry of Cooperatives, Small and Medium Enterprises

No.129/KEP/M.KUKM/XI/2002 date 29 November 2002, which can be determined by the following equation.

$$\left[\left[Kinerja = \frac{KST + PAD + PEA + OM + PDP + KAK + KTK}{7} \right] \right]$$

Notes:

Kinerja : the performance of agricultural cooperative

KST : Voluntary and open membership

PAD : Democratic control by members

PEA : Member’s economic participation

OM : Autonomy and Independence

PDP : Education and Training

KAK : cooperation between the agricultural cooperatives

KTK : concern over the community

2. A Descriptive Analysis of Percentage was used to analyses and measured the percentage of the agricultural performance and benefits in Kolaka (Table 1), based on the management’s and stakeholders’ perceptions. To exactly determine the level of percentage of each answer, the following equation was used.

$$\% = \frac{n}{N} \times 100\%$$

where:

n = empirical score (scope gained)

N = total scores (ideal score)

% = achieved level of success

(Arikunto, 2002).

The computation of the descriptive percentage follows the steps below:

- a. Determining the maximum percentage, which is 100%

- b. Determining the minimum percentage, which is 20%
- c. Determining the intervals between each class of percentage, by setting a criteria for the range of percentages, which makes $((100\% - 20\%)) / 5 = 16\%$

Table 1. The Percentage of Cooperatives Performance and Benefits

Criteria of Performance	Criteria of Benefit	Percentage
Very good	Very beneficial	84% - 100%
Good	Beneficial	67% - 83%
Quite Well	Quite beneficial	50% - 66%
Not good enough	Not beneficial enough	32% - 49%
Not good	Not beneficial	16% - 31%

3. An analysis of *Structural Equation Modelling* was used to determine the relationship between performance and benefit. An estimation method used was *maximum likelihood estimation method*. The estimation was made through the *Second Order CFA (Confirmatory Factor Analysis)*, and was utilized in the event when it is not possible to directly measure a latent variable through some indicators, and when more indicators are needed. (Ghozali and Fuad, 2008). On the next stage, the fit model was measured. Estimating the parameter for hypothesis testing in the SEM can be done if all assumptions on the data have been fulfilled. Table 3.6 shows some fit indexes and their *cut off*

4. *Value* that were used to judge whether a model is acceptable or not.

Table 2. Criteria of *Goodness of fit*

<i>Goodness of fit index</i>	<i>Cut-off value</i>
χ^2 (<i>Chi-Square</i>)	Expected to be lower
<i>Significance Probability</i>	≥ 0.05
RMSEA	≤ 0.08
GFI	≥ 0.90
AGFI	≥ 0.90
CFI	≥ 0.95

The testing of parameter significance on the confirmatory analysis was done by t, in which: $t - value = \frac{Estimates (\lambda)}{Std.Error (\lambda)}$

H₀ : The performance of the agricultural cooperatives is not correlated with the cooperatives benefits enjoyed by the farmers

H₁ : The performance of the agricultural cooperatives is correlated with the cooperatives benefits enjoyed by the farmers

Upon obtaining the score of the t-value, it would then be decisive to reject the H₀ if the $t - value > t_{tabel}$.

RESULTS AND DISCUSSION

Cooperation Performance Based on Cooperation Guideline Classification

Table 5.18 shows open and voluntary membership component from 2007 to 2009 is good categorized, however in 2010 it is decreased since some criterion met only fair good criterion, and the cooperation did not have additional members.

ot Good.

Democratically control on membership in 2007 to 2010 to obtain very good on result of assessment. According to Sijabat (2008), who conducted a research on control of membership in cooperation to improve the working performance, concluded that: 1) the control on membership is an ideal condition needed to support the cooperation development. 2) the control on membership of the cooperation remain used as an input to develop the policy of cooperation 3)the control on membership in the cooperation through membership meeting would be well conducted, when each member of the meeting paid better attention on the report of the association. 4)the control on membership to the cooperation in the implementation of its activities, is considered having a strong impact to cooperation budgeting in provision of cooperative development, particularly to the districts/cities which did not have budget control from RAT.

The annual component of membership economic participation is seeking a quite good criteria, with the increase of the value annually. In 2007 and 2008 autonomy and independence met quite good criteria. The value of the component was relatively increased every year, therefore in 2009 and 2010 was in good criteria. Rantau (2008), researched on the influence of membership participation, management quality, management quality and government's

roles towards business success corporation (a case in KUD Buleleng Bali) result of the research (1) the factors of membership participation with the success of corporation business is significant related, directly and indirectly. Active participation of membership will help the success of the run of corporative business. 2) membership participation, management quality, management quality and government's role simultaneously affect the success of corporation business. Thus, the success of corporation business was determined by the participation from membership, management quality, management quality and the role of government.

Furthermore, education and training components, the corporation in kolaka is in good criteria. Meanwhile, cooperative

community concern/care, agriculture coorporation indicated in quite good criteria every year, however, slight value is decreased, due to the lack of employment in some corporations.

From table 5.19, it could be seen that the average of corporation performances in agricultural sector in 2007 was about 61,58 and was in quite good category. In 2008, the average of corporation performance was 62,05 and was in quite good category. In 2009 KSU Bumi Padi was not in its performance, showing not good performance, and this corporation caused the decreasing of the performance, and the major problem found at its membership, where in 2008 the number of membership increased and decreased in 2009, and in 2010 there was no significant increasement on its membership even no

No.	Corporations	Year							
		2007		2008		2009		2010	
		assesment	categoryy	assesment	categorys	assesment	Kelas	Nilai	Kelas
1.	KUD Jaya Wundulako	56,12	CB	58,86	CB	59,84	CB	58,23	CB
2.	KUD Winetoro	57,81	CB	55,00	CB	56,02	CB	60,46	CB
3.	KUD Tamatiku	60,68	CB	57,27	CB	62,38	CB	65,06	CB
4.	KSU Bumi Padi	61,76	CB	69,89	B	64,35	CB	66,49	CB
5.	Koptan Makmur Merata	50,98	KB	52,42	KB	51,08	KB	48,17	KB
6.	KSU Satria Agro Mandiri	70,22	B	70,09	B	63,33	CB	64,01	CB
7.	Kop. Agrobisnis Padaidi	66,25	CB	64,80	CB	66,56	CB	61,73	CB
8.	KSU Sederhana	62,59	CB	67,96	CB	68,38	CB	68,23	CB
9.	KSU Bonto Windu Mas	62,90	CB	57,67	CB	62,59	CB	58,63	CB
10.	Koptan Kakao Makmur Sejahtera	66,54	CB	66,53	CB	69,29	CB	60,74	CB
averages		61,58		62,05		62,38		61,18	
Maximum		70,22		70,09		69,29		68,23	
Minimum		50,98		52,42		51,08		48,17	

among corporation indicated not good every year, due to the cooperative inter corporation is not well developed. Thus,

additional. In 2010, the average of corporation performance was about 61,28 and was in quite good category.

Description : SB = very good k; B = good; CB = quite good; and KB = not good

1. Stakeholder perception and agriculture corporation performance

Generally, 48,75% respondents assessed that agriculture corporation performance in Kolaka is quite good categorized, 48,13% was good categorized and about 0,63% assessed that the corporation was good categorized and less than 2,5% assessed not good.

The total of accumulation of accumulation assessment devices and the stakeholders regarding the performance of the corporation was 97,51% assessed that the performance was quite good. This shows that the corporation has shown good performance to the whole corporation devices particularly to the farmers and the member of the corporation.

The measurement of the performance was based on the classification guidelines of corporation performance, the result was obtained that agriculture corporation performance in Kolaka was categorized quite good (68,230, and this result was similar from the result obtained from the stakeholder's perception and corporation performance which assessed that the performance of the corporation was quite good (48,75%).

2. Benefit of Agriculture cooperative

Qualitatively, respondent's assessments regarding the benefit of agriculture cooperative in Kolaka including benefits in: farmer's need, marketing benefit, saving and loan and social benefit.

a. The fulfillment of farmer's consumption

Most farmers viewed that agriculture cooperation in Kolaka has contributed benefits in economic sector

particularly in fulfilling their needs. Total accumulation 91,26% of the respondents said that farmers have been benefited, even though there are some criteria and interval which is not similar.

The cooperative devices of a stakeholder viewed that business on cooperative has met the farmer's needs. Some cooperation sold what farmers needs for their consumption. Respondent's viewed the price of the product sold by the cooperation is relatively cheaper than the market's price. Market's condition which is far from farmer's reach, or periodically market, brought the corporation preferred by both farmers and communities, because the products sold by the cooperation are flexible and reachable.

Corporation also helped the farmers in some ways, fertilizers, pesticides, primary seeds, and some utilities needed by the farmers. The corporation tried to accommodate the prices and reachable by the farmers, besides, the cooperative also accommodate the farmers with the supply of utilities like tractors, and machines, hence the prices of loan and rented prices somehow still controlled by the cooperative, compared to renting the tools outside of cooperation like private renting.

b. Product Marketing

Most respondents viewed that cooperation in Kolaka has benefited the farmers in term of marketing the product of agriculture, about 45,63% said that the cooperation has benefited them and about 30,63% categorized good

Membership marketing on the products based on cooperation price is more benefit than market price, example price of cacao sold with IDR 9.500 per kg. This seems that, the corporation stocked the products of the membership at their ward house. However, the problems are still faced by the cooperation, since the farmers are rushed to market their product due to financial urgently. Therefore, the cooperation in Kolaka are able to compete

with noncooperation business to market the products of their membership agriculture.

c. Savings and loans

Savings and loans activity in Agriculture cooperation in Kolaka contributed some benefits to the farmers as the member of the cooperation. Approximately 50,63% of respondents viewed that savings and loans activity has benefited the farmers. And about 25% of the respondents said that it has strong benefit. This shown that farmers as the member of the cooperation has got the benefit by saving their fund at the cooperation. The interest paid to the cooperation is lower than from the nonmember of the cooperation like bank, the interest usually due for the members about 35 and 3,33% for the nonmember. Meanwhile, the loans from the bank customer had to pay 10% of interest.

Other benefits of corporation credits is the interest was based on the total of the credit. Members could be registered in the cooperation by showing their identity card and other documents.

d. Social benefit

About 61.25% respondents in Kolaka viewed that cooperation gave benefit social to the farmers. Farmers considered that cooperation of agriculture in kolaka promoted the establishment and the peaceful of farmer's life. The existence of cooperation has strong impacts to the community in ways of deliberation, democraton, and the importance of the member than personal interest. This shows that cooperation had given good impacts to the community. Rules made in cooperation or in the community's life is built up on kind ship sense. Farmers as the member of cooperation raised their cooperative and brotherhood sense, and will apply it into their community life.

65% of respondents viewed that cooperation is in advantages category. This benefit is related to the majority of

big family (>4), and this could be indicated that cooperation helped the farmers in improving their needs fulfillments and generate the incomes.

3. Relationship Between Performance and Agriculture Cooperation Benefit

Based on *goodness of fit* parameter on relationship between performance and agriculture cooperation benefit shows that the value of χ^2/df $0,975 \leq 3$. The comparison χ^2/df has shown fit result on the model. Probability value (*p-value*) value χ^2 above 0,05 (0,651). The value of RMSEA less than 0,05 (0,00) indicated that performance model and benefit of cooperation is fit. The value of RMR is 0,065. This value is bigger than the standard of *goodness of fit* model 0,05. CFI has 0,98; where the value is bigger than the standard value (0,90), therefore CFI model is fit to GFI and the result obtained 0,84. From the estimation GFI value obtained (0,84) below of critical value (0,95). Even though GFI value is below the critical value, but the evaluation on model convinced that marginal because there is only one margin point behind the zero. AGFI had 0,82 value; where this value is below standard (0,90).equals to GFI.

Output result obtained positive correlation between the relationship of agriculture cooperation performance and the benefit. Coefficient standardize value 0, is statistically t 14,40. Comparing to t table value on $N = 160$ and $\alpha = 10\%$, 5% , and 1% ; is 1,64; 2,02; and 2,58; so, the performance of cooperation and the benefit is correlated to each other in 1% level. Therefore, H_0 which stated that there is no relationship between performance of agriculture cooperation and benefit gained by the farmers is rejected, and H_1 stated that there is a relationship between the performance and the benefit is accepted. Standardize coefficient value is 0,85

showing the strong relationship between the real performance and S the benefit.

Table 4. Fit model test (*Goodness of Fit*)

<i>Goodness-of-Fit</i>	<i>Cutt-off-Value</i>	Result	Description
<i>P-value</i>	$\geq 0,05$	0,651	Fulfill
<i>Chi square/df</i>	≤ 3	0,975	Fulfill
RMSEA	$\leq 0,08$	0,000	Fulfill
PRMSEA	$\geq 0,05$	1,00	Fulfill
RMR	$\leq 0,05$	0,065	Fulfill
CFI	$\geq 0,90$	0,98	Fulfill
GFI	$\geq 0,95$	0,84	Marginal
AGFI	$\geq 0,90$	0,82	Marginal
PGFI	$\geq 0,60$	0,73	Fulfill

Source: primary data analysis, 2011

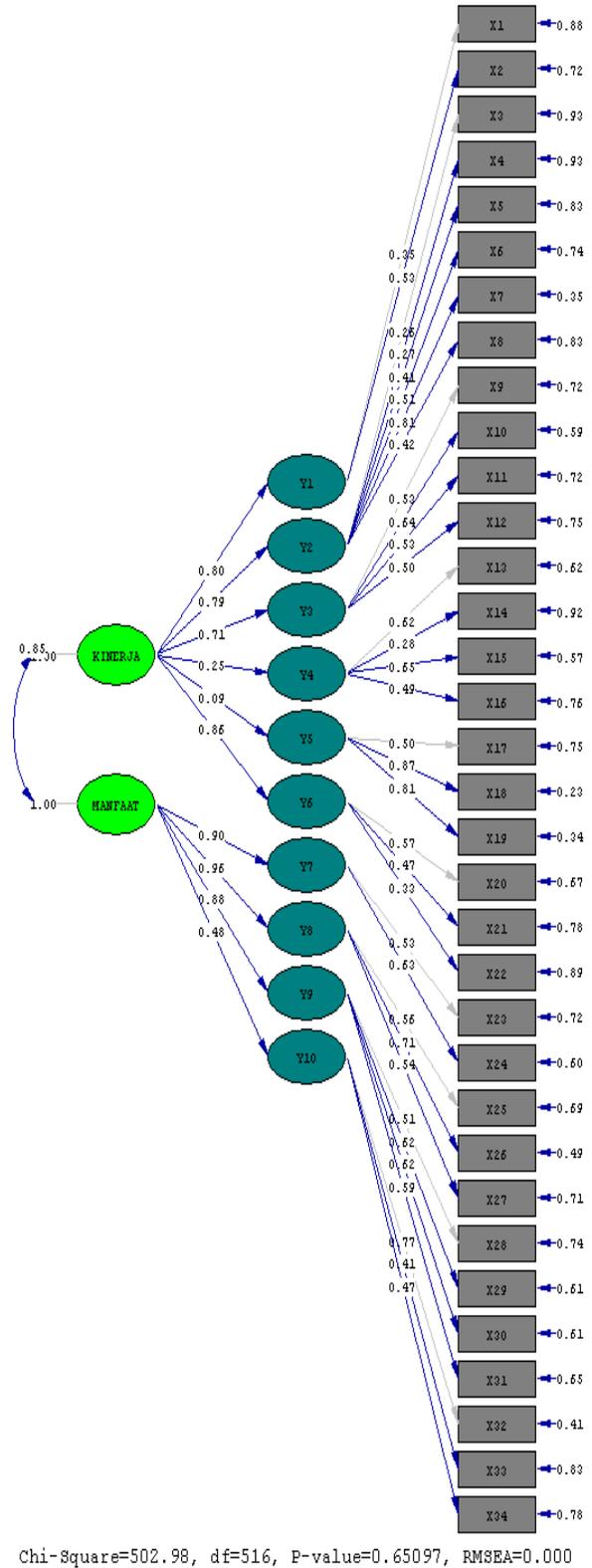


Figure 1. Standardized Solution Structural Equation Modeling

Tabel 4. Parameter estimation relationship between performance and benefit of cooperation in Kolaka

Relationship			estimation	S.E	C.R
Benefit	↔	performance	0,85	0,06	14,40
Open and voluntary membership (Y_1)	←	Performance	0,80	0,26	3,12
Democratic control by the members (Y_2)	←	Performance	0,79	0,28	2,82
Membership economic participation (Y_3)	←	Performance	0,71	0,14	4,88
Education and training (Y_4)	←	Performance	0,25	0,12	2,15
Corporation among cooperation (Y_5)	←	performance	0,09	0,099	0,92
Community caring (Y_6)	←	Performance	0,85	0,15	5,87
Economic benefit on farmers' needs (Y_7)	←	Benefit	0,90	0,16	5,74
Marketing benefit (Y_8)	←	Benefit	0,96	0,15	5,53
Savings and loans benefit (Y_9)	←	Benefit	0,88	0,16	5,54
Social benefits (Y_{10})	←	Benefit	0,48	0,11	4,41
X_1	←	Y_1	0,35		
X_2	←	Y_1	0,53	0,17	2,80
X_3	←	Y_2	0,26		
X_4	←	Y_2	0,27	0,11	2,17
X_5	←	Y_2	0,41	0,15	2,55
X_6	←	Y_2	0,51	0,17	2,71
X_7	←	Y_2	0,81	0,26	2,87
X_8	←	Y_2	0,42	0,16	2,57
X_9	←	Y_3	0,53		
X_{10}	←	Y_3	0,54	0,13	4,79
X_{11}	←	Y_3	0,53	0,12	4,41
X_{12}	←	Y_3	0,50	0,095	4,26
X_{13}	←	Y_4	0,52		
X_{14}	←	Y_4	0,28	0,093	2,65
X_{15}	←	Y_4	0,55	0,18	4,10
X_{16}	←	Y_4	0,49	0,13	3,98
X_{17}	←	Y_5	0,50		
X_{18}	←	Y_5	0,87	0,15	5,58
X_{19}	←	Y_5	0,81	0,14	5,83
X_{20}	←	Y_6	0,57		
X_{21}	←	Y_6	0,47	0,10	4,41
X_{22}	←	Y_6	0,33	0,11	3,16
X_{23}	←	Y_7	0,53		
X_{24}	←	Y_7	0,63	0,12	5,01
X_{25}	←	Y_8	0,55		
X_{26}	←	Y_8	0,71	0,096	6,03
X_{27}	←	Y_8	0,54	0,11	5,12
X_{28}	←	Y_9	0,51		
X_{29}	←	Y_9	0,52	0,13	5,11
X_{30}	←	Y_9	0,52	0,11	5,11
X_{31}	←	Y_9	0,59	0,10	4,96
X_{32}	←	Y_{10}	0,77		
X_{33}	←	Y_{10}	0,41	0,12	3,35
X_{34}	←	Y_{10}	0,47	0,10	3,53

Source: estimation result of SEM, 2011

On performance component, community caring has become a great deal contribution towards the performance, with 0,86. Open and voluntary membership has become second contribution on the performance with 0.80. Democratically control by members

contributed 0.79, then membership economic participation contributed 0.71 and education and training contributed 0.25.

On benefit variable, marketing benefit contributed a big deal on farmers' agricultural marketing with 0.96, savings and loans benefit contributed 0.88, fulfillments and agriculture products

became the third aspect and contributed 0.86, social benefits came as the fourth components and contributed 0.48.

Regarding to community caring and social benefits, community caring should be balance with social benefit towards the community which is contributed to the performance of agriculture cooperation compared to social benefit contribution to cooperation benefit.

Social benefit is less important than social caring, due to the existence of the cooperation itself, like the support of local government and to develop the business for the better, example farmers' business, taxes, for employment better recruitment. This deals to long term performance of cooperation. Meanwhile, relationship between performance and social benefit is lower due to facilities and financial limitations. This automatically implied to the disability of the cooperation to train the farmers to work better. Cooperation to serve economic aspects and concerned to government's obligation, is like taxes and retribution.

Highly Cooperation performance should share a good social response to the cooperation, however, due to the limitation, the cooperation in Kolaka is far of this expectation, SHU, as one of the components of the performance still not able to cover the internal needs of the membership, therefore budget allocation from the government and UKM and Cooperation Board is required.

Farmer's needs and marketing benefits are strongly related to the performance of cooperation compared to farmers' economic participation due to the benefit is the mission of the cooperation, like business on cooperation which meet the needs of the farmers and good and services which are available at the cooperation. Besides, the consistency of cooperation in marketing 1) the product of goods with cheaper prices, 2) the market of membership product is higher

compared to other association, and 3) the cooperation are expected to be able to compete with other organization in marketing their products, and compete with the middlemen.

Participation aspect in membership economic show a weak relationship with the performance of the Agriculture cooperation, regarding to the membership obligation to the activity of cooperation, like paying the loans after 24 days of withdrawing from the cooperation. In fact, the member of the cooperation has not realized the consistency of their obligations. And this supposed to be the weak of the cooperation in Indonesia. Nevertheless, the participation shows from the member of the cooperation has a strong relationship 90.71) with the performance of the cooperation because the the aspect of the participation include: 1) the fit and proper of business managed by the members, 2) actively transaction on cooperation. These two components contributed to the relationship between performance of the cooperation and the benefits of economic of marketing.

The cooperative among cooperation is not well established due to the different of the management, term and requirements. To increase the cooperative, social benefits of the cooperation is like to increase the performance of the farmer through training, social aid to the community which find problems in running their business this cooperative could also raise establish micro business which the budget is from the SHU of the membership of the cooperation

CONCLUSIONS

The following conclusion are suggested based on the above discussion:

1. Based on the guidelines on cooperation and classification in general, the performance of agriculture cooperation in Kolaka is in good criteria in 2007-2010. The

- performance is categorized quite well based on the stakeholders' perception.
2. All the stakeholders in the agriculture cooperation in Kolaka said that the cooperation had contributed some benefits to the farmers as the member of the cooperation, both economy and social benefits.
 3. Performance and benefits is closely related and has strong association to the farmers.

Suggestions:

1. Department of cooperative, industry and trade need to promote and do the socialization as well training to the management agriculture cooperation in Kolaka regarding to a good quality of cooperation, and the strategy to reach the quality, in order to improve the quality of cooperative performance, referring to the guidelines of cooperation classification.
2. Social benefit of agriculture cooperation in Kolaka could be supported by establishing agriculture cooperation which could be supported with strong commitment from the management of cooperation by saving some of the percentage of SHU as the social response of the cooperation to the members and the community. If the cooperation still showing a disability of performance, the associations among cooperation is required. This association could be in capital bank association (BPKP).
3. Governments' subsidies is required to improve the budgeting system and human resource capacity to run the management of cooperation business, as well the participation of the member in supporting the performance of the cooperation is still in weak category.

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