

ABSTRACT

**The Influence of the Environment and Credit Distribution Strategy
Towards the Accounting Information and Performance
of Lending and Borrowing Activities Cooperatives in Bali**

**I WAYAN RAMANTHA
090014188-D**

Business environments of lending and borrowing activities cooperatives have changed considerably during last several years. These have been followed by changes in all dimensions of strategy. Strategy chosen by lending and borrowing cooperatives in Bali produces accounting information properly, which in turn would impact better performance. Some external environments changing every year are inflation rate, interest, and competition reflected by credit interest rate of Community Credit Institution (LPD) and Community Credit Bank (BPR). While internal environments changing a lot are capital, productive assets quality, management quality, and liquidity. Strategy applied by lending and borrowing cooperatives to face the environment changes are credit growth strategy and member service strategy. These strategies have successfully improved accounting information, which is shown by the increase of operating results distribution to members and member economic promotion. This in turn would advance performance by increasing number of customers and economic value added.

This research sets objectives that are to analyze and test the influence of the environment and credit distribution strategy towards the accounting information and performance of lending and borrowing activities cooperatives in Bali. The results of this research are expected theoretically could contribute to building block of strategic management knowledge and accounting information, especially for cooperatives. Practically, it is expected that this research could provide explanation by empirically testing the influence of environment on strategy, accounting information and performance of cooperatives.

To answer the problems and achieve the objectives, this research is designed in the form of causality research using observational data with retrospective approach, and designed in the form of combination between cross section and time series. Cross section data is taken from sample of lending and borrowing cooperatives in Bali which have published financial report since 1999. Time series data is taken from 1999 to 2003. Data is then analyzed using structural equation modeling (SEM) with SPSS version 10.0 and Amos version 4.1.

The results show that: (1) External environment directly influences member service strategy. (2) The findings of this research show that member service strategy directly influence accounting information. (3) External environment indirectly has positive influence on accounting information through member service strategy. (4) External environment directly and positively influences credit growth strategy. (5) Credit growth strategy directly and positively influences accounting information. (6) External environment indirectly and positively influence accounting information through credit growth strategy. (7) The formulation of credit growth strategy by lending and borrowing cooperatives in Bali has taken into account condition of capital, productive assets,

management, and liquidity, and it is relevant to paradigm of environment-strategy-performance. (8) Internal environment indirectly influences accounting information through credit growth strategy. (9) Internal environment directly and positively influences member service strategy. (10) Internal environment indirectly influences accounting information through member service strategy. (11) The influence of accounting information on performance is positive. This shows that the higher operating result distributed to members and member economic promotion would provide more useful information to select alternatives when they need loan. The more members choosing to borrow from cooperative increase number of customers and thus economic value added of the cooperative (12) External environment indirectly influences performance through accounting information. (13) Internal environment influences performance through accounting information.

To the management of lending and borrowing cooperatives in Bali, it is suggested that in formulating business strategy, especially fund distribution, besides financial aspect, member service should also be taken into account and given priority, because the findings of this research support that services provided to members are also important variable in improving performance of lending and borrowing cooperatives.

Key words: Lending and Borrowing Cooperatives is Financial Intermediary .

