



## OPTIMIZING EMPLOYEE PERFORMANCE VIA HUMAN RESOURCE DEVELOPMENT: INSIGHTS FROM RAHAYU MALANG COOPERATIVE

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### Article Info

### ABSTRACT

This study aims to develop a model of human resource (HR) development to improve employee performance at the Rahayu Savings and Loan Cooperative (KSP) in Malang. Using a descriptive qualitative method, data were collected through interviews, observation, and documentation. Results show that continuous training, competency development, work motivation, and structured performance evaluations significantly improve employee performance. The model emphasizes transformational leadership, a cooperative work culture, and organizational learning as essential for performance enhancement. This study offers valuable insights for HR management in cooperatives to adapt to environmental changes and focus on results.

#### Keywords:

Employee performance, Human resource development, Savings and loan cooperative, Training, Competency.

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### 1. INTRODUCTION

Savings and loan cooperatives (KSPs) play a vital role in supporting the economic well-being of underserved populations, particularly in regions where access to traditional financial institutions is limited. These cooperatives are designed to offer members financial services, including savings, loans, and credit, which help to improve their financial stability and access to capital. However, as the global economy changes and competition increases, the performance of cooperative employees has become increasingly important in ensuring the sustainability and growth of these organizations. In particular, improving employee performance has emerged as a key factor in achieving organizational goals, such as delivering quality financial services, enhancing member trust, and driving long-term growth.

Despite their importance, many KSPs face challenges related to the low performance of employees, often stemming from a lack of systematic human resource development (HRD) practices. The importance of HRD in the cooperative sector cannot be overstated, as it directly impacts employee skills, motivation, and job satisfaction, all of which contribute to overall organizational performance. Previous studies have shown that human resources are one of the most critical assets of any organization, and their development is essential for achieving competitive advantage. However, existing research on HRD in the context of cooperatives remains limited, particularly with regard to developing effective models that are tailored to the unique needs and challenges faced by these organizations.

Human resources are considered a strategic element in improving organizational performance. According to Hamali (2016), human resources involve the management of skills, motivation, development, and organizational culture to optimize performance. Within cooperatives, HRD plays a crucial role in enhancing employee competence, leadership qualities, and work culture, which in turn, improves service delivery and organizational productivity. In the case of savings and loan cooperatives, strategic HRD can help develop a more competent workforce that is equipped with the necessary skills, knowledge, and motivation to meet the challenges of a dynamic financial environment.

One of the significant gaps in the existing literature is the lack of a tailored HRD model that specifically addresses the challenges faced by savings and loan cooperatives. Although there are various studies on HRD in different sectors, few have explored how these practices can be applied effectively in cooperatives to improve employee performance. Rangga et al. (2023) identified employee performance improvement strategies at KSP Kopdit Sube Huter, but these strategies have not yet been integrated into a comprehensive HRD model suitable for cooperatives in Indonesia. This research aims to fill this gap by developing a model of HRD that is specifically designed to enhance employee performance in the cooperative sector, with a focus on Rahayu KSP in Malang.

The urgency of this research is underscored by the increasing role of cooperatives in promoting financial inclusion, particularly in areas where access to formal financial services is limited. As the financial sector continues to evolve, cooperatives must adapt to the changing landscape to remain competitive and sustainable. Developing effective HRD strategies that align with the cooperative's objectives is essential to maintaining a motivated and competent workforce. By improving employee performance, cooperatives can enhance service delivery, increase member satisfaction, and secure their position in the competitive financial market.

This study focuses on the development of a comprehensive HRD model that aims to improve employee performance within savings and loan cooperatives. It will provide valuable insights into the implementation of HRD practices in the cooperative sector, highlighting the importance of leadership, training, motivation, and organizational culture. The findings of this study will contribute to the body of knowledge on HRD in cooperatives and offer practical recommendations for enhancing employee performance in cooperatives across Indonesia.

## 2. RESEARCH METHOD

This study employs a qualitative descriptive approach, which is particularly suited for understanding the human resource development (HRD) model within a savings and loan cooperative (KSP). The qualitative approach is ideal for exploring and interpreting complex phenomena like HRD practices, which cannot be captured purely through numerical data. It allows the researcher to gain in-depth insights into the behaviors, experiences, and motivations of individuals involved in the cooperative's operations. The research aims to explore the challenges and practices related to HRD that impact employee performance, making it necessary to choose a methodology that emphasizes the richness and depth of qualitative data. A case study design is employed to investigate the HRD model specifically at Rahayu KSP. This approach enables the study of the phenomenon in its natural setting, providing detailed context-specific insights that would be difficult to achieve with a broader survey.

The research will use purposive sampling, a non-random technique that ensures the selection of informants who have direct experience and knowledge relevant to the research focus. A total of 15 informants will be selected, including key management personnel, HR staff, permanent employees, and cooperative members. These informants are chosen because of their involvement in HR practices and their knowledge of the challenges and strategies employed to improve employee performance. The purposive sampling technique is appropriate because it ensures that the study focuses on individuals who have the expertise to provide valuable and relevant data. To validate the findings, triangulation will be employed. This technique will involve cross-referencing data from different sources (interviews, observations, and documents) to ensure that the findings are consistent and reliable.

Data collection will involve in-depth interviews, direct observations, and the review of relevant documents. The interviews will be semi-structured, allowing flexibility for the researcher to explore topics in depth while maintaining a focus on key research questions. The observations will be conducted in the workplace, observing the HRD processes in action and how employees interact with these processes. Documentation will include HR-related records such as training materials, performance evaluation reports, and any other relevant documents that provide insight into the cooperative's HR practices. The combination of these methods will provide a comprehensive dataset that captures multiple perspectives on the HRD processes at Rahayu KSP.

Data analysis will follow the Miles & Huberman (1992) model, which consists of three main stages: data reduction, data display, and conclusion drawing/verification. In the data reduction phase, the researcher will sort and organize the data to focus on relevant themes, such as training programs, employee motivation, and performance evaluation. This process helps to remove unnecessary information and maintain focus on the research questions. The data display phase will involve presenting the data in a clear and structured manner,

often through narratives or thematic tables, to facilitate easy interpretation and identification of patterns. Finally, in the conclusion drawing/verification stage, the researcher will identify key findings from the data and verify these findings by comparing them with other sources of data and discussing them with the informants to ensure their accuracy and relevance.

The research will proceed through three distinct phases: 1) Preparation, which will take approximately 2 weeks, during which the researcher will carry out initial observations, prepare the proposal, and obtain necessary permissions for data collection; 2) Data Collection, which will last for 6 weeks and involve conducting interviews, making observations, and reviewing relevant documents; and 3) Data Analysis and Reporting, lasting 4 weeks, in which the researcher will analyze the data, code it into thematic patterns, and prepare the final report. After the analysis phase, the researcher will discuss the findings with the research supervisor, and adjustments will be made as necessary to ensure the accuracy and validity of the results. This research methodology has been carefully designed to provide a deep and comprehensive understanding of HRD practices at Rahayu KSP. By using a qualitative case study approach, the study aims to offer valuable insights into the specific HR challenges faced by cooperatives and to develop an HRD model that could improve employee performance and organizational outcomes. The findings of this study will contribute to the development of HR management strategies within cooperatives, with the potential to be applied in other similar organizations facing comparable challenges.

### 3. RESULT AND ANALYSIS

In this section, the research findings derived from field observations, in-depth interviews, and documentation are presented systematically. The analysis focuses on human resource development within the environment of Rahayu Savings and Loan Cooperative in Malang and explores how the applied model can support the sustainable improvement of employee performance. All categorized findings are reviewed thematically based on the research focus.

#### **Profile of Rahayu Savings and Loan Cooperative**

Rahayu Savings and Loan Cooperative is a microfinance institution that plays an important role in supporting financial inclusion among the lower-middle-income population. Established in 2010, the cooperative has legal status and has grown into an institution with a complex organizational structure. It is managed by a core executive team, managers, and operational staff spread across five branches. Its business units include weekly, monthly, and seasonal savings and loan services, as well as motorcycle lottery programs and a “super heboh” (super exciting) scheme. The organized structure enables efficient and accountable workflows. The Annual Members Meeting (RAT) serves as a forum for evaluating and reporting the management’s performance to the members.

#### **The Importance of the Role of Human Resources**

The success of a cooperative as a business entity based on kinship is not solely determined by its organizational structure or financial capital, but rather heavily depends on the quality of the Human Resources (HR) that drive it. According to Mathis & Jackson (2006), human resources are the only organizational assets with the potential to grow and continuously provide added value. Interview results indicate that the success of a cooperative greatly relies on the quality and dedication of its human resources.

#### **The Strategic Role of Human Resources in the Cooperative**

Research findings show that human resources (HR) are a critical factor in the success of the cooperative. Information from in-depth interviews indicates that the competence, integrity, and professionalism of employees directly affect member satisfaction. This is consistent with the perspective of Mathis & Jackson (2006), who argue that HR is the only organizational asset capable of generating sustainable competitive advantage. Therefore, HR development through training is a vital component of the cooperative’s performance enhancement strategy. In the book *Strategies and Techniques for Writing Scientific Papers and Publications*, it is mentioned that the process of formalizing a strategy requires stages of validation, documentation, and alignment with the institution’s vision. Therefore, an informal strategy is not a weakness, but rather part of a gradual process toward more systematic and accountable governance (Siregar & Harahap, 2019).

#### **Implementation of HR Development at Rahayu Cooperative**

Rahayu Cooperative has prepared an annual work plan that includes regular training agendas, although their implementation remains incidental and not yet fully aligned with the organization’s long-term vision. Types of training conducted include cooperative management, financial digitalization, member services, and administrative governance. These training programs are designed based on performance evaluations, input from the management, and informal discussions with employees. Performance evaluations are carried out periodically using indicators such as discipline, responsibility, work quality, and teamwork. This evaluation system serves as the foundation for decision-making regarding promotions and career advancement.

### **Supporting Factors of Human Resources**

Human resource development in cooperatives can be supported by several factors such as management commitment, availability of training budget, technological support, and a conducive organizational culture (Handoko, 2012). Human resource development in cooperatives is influenced by several supporting factors, such as managerial support, the relevance of training materials, competent resource persons, and adequate training facilities (Marwansyah, 2012). At Rahayu Cooperative, the management is actively involved in the implementation of training programs, the materials are tailored to job-related needs, and participants express satisfaction with the facilities provided.

### **Challenges and Obstacles in HR Development**

However, the cooperative faces several challenges in its HR development efforts. The main obstacles include limited training budgets, low learning motivation among some employees, and restricted access to high-quality training programs. These constraints are in line with Hasibuan (2009), who states that training success is highly influenced by budgeting and managerial support. To overcome these challenges, the cooperative seeks to build partnerships with external training institutions and regional cooperative agencies.

### **Member Perspectives and Expectations on HR Development**

From the perspective of cooperative members, the services provided by employees have become increasingly professional and satisfactory. However, there are expectations for improved service speed and enhanced internal communication among departments. Members also expect that employee training will address not only technical skills but also include excellent service, leadership, and digital literacy. This approach aligns with the concept of continuous learning (Armstrong, 2014), where training becomes part of an adaptive and innovative organizational culture.

### **Performance Evaluation System and Career Path**

Dessler (2015) states that performance evaluation is a formal and systematic assessment of how well an employee performs their job in relation to established standards. Based on interview results, the savings and loan cooperative has implemented a performance evaluation system, although it is still relatively simple. According to Simamora (2006), a career path is the progression of positions available to employees within an organization, determined by a fair and structured system. The Rahayu savings and loan cooperative has applied an informal career path system, including promotion opportunities for high-performing employees.

### **The Impact of Human Resource Development**

Human resource (HR) development plays a vital role in improving the performance of employees in savings and loan cooperatives. Through structured training, employee competence, motivation, and professionalism are enhanced, which positively affects the quality of service and member trust. Additionally, HR development contributes to increased employee satisfaction and loyalty. Nevertheless, challenges remain, particularly in the form of budget limitations and uneven learning motivation among employees. Therefore, the implementation of an appropriate strategy is essential to optimize the impact of HR development and ensure the sustainable success of the cooperative.

### **Strategic Implications of HR Development on Organizational Performance**

Overall, the research findings affirm that HR development has an impact not only on individual performance but also on overall organizational performance. Service quality, processing speed, and member satisfaction are significantly influenced by the quality of human resources within the cooperative. By strengthening evidence-based HR development strategies, accompanied by consistent evaluations and a structured career system, the cooperative can build a more robust and sustainable managerial foundation.

## **4. CONCLUSION**

Based on the results of the conducted research, it can be concluded that human resource (HR) development at Rahayu Savings and Loan Cooperative in Malang has been systematically designed to improve employee performance through training, coaching, and the enhancement of work competencies. The implemented HR development model is sustainable and oriented toward achieving professionalism and productivity among cooperative personnel. This approach reflects an awareness of the vital role HR plays as the driving force behind the cooperative's success. Supporting factors in the implementation of HR development include management support, the presence of a conducive work culture, and the willingness to learn and active participation from employees. On the other hand, several obstacles encountered include limited training budgets, low individual motivation, and inadequate training facilities. These challenges highlight the need for innovative strategies and adaptive policies to effectively implement HR development programs. HR development has been proven to have a significant impact on improving employee performance. Through systematic training and evaluation, there have been improvements in employee competence, motivation, and professionalism. This directly influences the effectiveness of services provided to cooperative members as well as customer satisfaction. Overall, consistent and well-directed HR development serves as the foundation for building a professional, resilient, and sustainable cooperative.

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