

# Human Resource Development Strategy of the Indonesian Red and White Cooperative

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## Abstract

**Purpose:** This study aims to analyze the internal and external factors of the Merah Putih Cooperative and formulate strategies that can be recommended for human resource development at the Merah Putih Cooperative in South Sumatra Province, Indonesia.

**Research Methodology:** The method used in this study is a case study method, where OKU Regency is used as a sample case of the Merah Putih Cooperative in South Sumatra Province, Indonesia. The sampling method used was a census, in which all 157 members of the Merah Putih Cooperative were taken as research samples in July 2025. The analysis used in this study was SWOT analysis.

**Results:** The results of the SWOT analysis in Quadrant I show that the strategies that can be recommended for human resource development at the Merah Putih Cooperative include strengthening human resources and institutions, developing businesses based on local economic potential, increasing human resource capacity, and strengthening business partnerships to encourage the sustainability and competitiveness of the cooperative.

**Conclusions:** The Merah Putih Cooperative is positioned in SWOT Quadrant I, indicating strong internal and external conditions to support human resource development. Recommended strategies focus on strengthening human resources and institutions, utilizing local economic potential, and reinforcing business partnerships to enhance sustainability and competitiveness.

**Limitations:** This study is limited to a single cooperative case in OKU Regency, which may limit the generalizability of the findings. The SWOT approach also does not quantify the impact of each proposed strategy.

**Contribution:** This study provides practical insights for cooperative managers and policymakers in formulating human resource development strategies for rural cooperatives, particularly in supporting village-based economic development in Indonesia.

**Keywords:** *Human Resources Development, Local Economic Potential, Merah-Putih Cooperatives, SWOT Analysis*

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## 1. Introduction

The Merah Putih Village/Sub-District Cooperative, often known as Koperasi Merah Putih, has been established as a new cooperative model that emphasizes the values of mutual cooperation, independence, and sustainable village economies (1). This program also serves as a strategic instrument to strengthen the economic base of the community while addressing the challenges of poverty alleviation, limited access to capital, low economic empowerment of villages, and low institutional and human resource capacity at the local level (2). The government emphasizes that the establishment of cooperatives must be carried out in a strategic, holistic, and accountable manner and supported by synergistic funding from the state budget, regional budget, and village budget (3).

With a target of establishing 80,000 cooperatives throughout Indonesia, the government estimates that this will involve at least 400,000 cooperative administrators and 1.2 million business unit managers. Each Merah Putih cooperative is designed to manage at least seven village business units, such as grocery stores, pharmacies and clinics, savings and loan units, cold storage, and logistics distribution. However, behind this grand ambition lies a serious challenge in terms of human resource capacity. Many new cooperative administrators do not have sufficient experience in organizational governance or business management. In addition, the large number of cooperative administrators is not matched by adequate managerial and technical capabilities among cooperative administrators and supervisors. (4) states that the majority of new cooperative administrators still lack experience and training in business management, making the successful management of cooperative business units difficult to achieve. The low capacity of cooperative human resources is a major obstacle in the implementation of this policy, especially in areas with limited education and managerial training. The success of this program is highly dependent on the readiness of human resources who not only have technical knowledge but also adaptive capacity, participatory leadership, and strong coordination skills.

This condition also occurs in Ogan Komering Ulu (OKU) Regency, South Sumatra Province, which is one of the regions with considerable village-based economic potential in Indonesia. This regency has 143 villages and 14 subdistricts spread across an area of  $\pm 3,774.50 \text{ km}^2$  with an estimated population of 383,608 in mid-2023 (5). The size of the area and the social structure of the community reflect the potential for village-based economies that can be developed through cooperatives. Official data from the Ogan Komering Ulu Regency Cooperative, Small and Medium Enterprises Agency for the 2024 fiscal year shows that prior to the Merah Putih Village/Sub-District Cooperative program, the number of cooperatives in this region was relatively high, but many were inactive due to limited human resources and weak managerial systems. There were 396 cooperatives spread across 13 subdistricts, with 228 active cooperatives and 168 inactive cooperatives (6).

Human resource capacity itself includes the ability of individuals and organizations to achieve goals effectively, efficiently, and sustainably. In the context of village cooperatives, the capacity of administrators and supervisors is not limited to technical administrative skills, but also includes leadership, communication, and collaboration skills with the community. This condition shows that although the number of cooperatives in OKU Regency is quantitatively high, their level of functionality and operational activities is still relatively low. This shows that there are major challenges in terms of human resource capacity, managerial systems, and the sustainability of cooperative institutions at the local level. Thus, strategies to strengthen the human resource capacity of cooperatives, particularly administrators and supervisors, are key to ensuring that existing cooperatives not only exist administratively but are also able to operate productively and sustainably. This condition shows great potential for the development of cooperatives at the village and sub-district levels, especially in supporting the implementation of Presidential Instruction No. 9 of 2025 concerning the Acceleration of the Establishment of Merah Putih Village/Sub-district Cooperatives. The vastness of the administrative area provides a strategic opportunity to realize cooperatives as drivers of the local economy based on village community participation.

Ogan Komering Ulu Regency has successfully achieved 100 percent institutional formation of the Merah Putih Village/Sub-District Cooperative through a Special Village Meeting (Musdesus) facilitated by the Cooperative and SME Office together with the Village Community Empowerment Office (Dinas PMD) as well as village assistants and Village Experts in Ogan Komering Ulu Regency. Based on the official report of the South Sumatra Provincial Audit Board (BPK) in 2025, all villages and subdistricts in Ogan Komering Ulu Regency have established cooperative management and supervisors since the beginning of their formation (7). During this implementation phase, each village and sub-district not only established cooperatives, but also selected administrators and supervisors to serve as the initial managers of these institutions. However, most Merah Putih Village/Sub-district Cooperatives are still in the phase of preparing human resources in terms of the competencies, experience, and managerial understanding needed to manage cooperatives effectively and sustainably.

The competitive quality advantage of an organization is largely determined by the quality of its human resources. Human resources must be managed comprehensively within the framework of a human resource management system that is strategic, integrated, interrelated, and sustainable. The problems faced by cooperatives in general are limited human resources, both in terms of cooperative knowledge, managerial skills, and business management capabilities. According (8), quality human resources have at least four characteristics: capacity (knowledge, skills, and experience), commitment to the organization, efficiency of action, and alignment of individual goals with those of the organization. This emphasizes the importance of strategic policies in the implementation of cooperative human resource management that is integrated, sustainable, and contextual.

Some of the main problems in developing the human resources capacity of cooperatives in OKU Regency include three important aspects, namely a lack of professionalism among cooperative administrators and managers, a lack of technical assistance and ongoing training, which has resulted in many existing cooperatives remaining in legal status without being able to operate productively. Limited managerial guidance from assistants and relevant agencies makes it difficult for administrators to properly carry out the business functions of cooperatives. There is also a low level of managerial readiness and adaptive ability in managing the dynamics of cooperative institutions, especially in terms of capital management, business planning, and strategic decision-making. These conditions reinforce the urgency of the need for a more focused, systematic, and needs-based cooperative human resource capacity development strategy.

Previous studies have also analyzed similar issues. (9) found that the capacity of cooperative management personnel is very important, especially in the preparation of financial reports and the administrative management of cooperatives. (10) showed that interventions to increase human resource and institutional capacity strengthened cooperative performance during times of crisis. (11) concluded that continuous training, a collaborative work culture, and performance-based incentives were effective in increasing the capacity of cooperative administrators.

In line with these findings and research, there is a need for relevant and contextual cooperative human resource capacity development strategies that are not only quantity-oriented but also focus on improving the quality, technical capacity, and professionalism of cooperative administrators and supervisors. This strategy must cover various aspects such as needs-based training, continuous technical assistance, an objective management selection system, and the preparation of a measurable and realistic roadmap for cooperative human resource development. Based on the existing phenomena, it is interesting to further examine what strategies can be recommended for the development of Merah Putih Cooperative resources.

## **2. Literature review and hypothesis/es development**

Human resource capacity development has a broader meaning than competency, because it encompasses not only individual technical abilities, but also the institutional dimensions and systems that support them. According to the United Nations Development Programme (UNDP, 1998) in its report Capacity Development (New York: UNDP), capacity development is the process through which individuals, organizations, and communities as a whole acquire, strengthen, and maintain the ability to set and achieve sustainable development goals. This concept places people as strategic assets within organizations. HR capacity development is a key factor in determining the success of institutions, including cooperatives as business entities based on the principle of kinship.

Define capacity as the ability of individuals and groups within an organization to perform functions, solve problems, and achieve goals effectively and sustainably (12). In line with this, (13) explains that capacity encompasses three main dimensions, namely individuals, organizations, and institutional systems, which together determine the extent to which an entity is able to adapt and develop. These dimensions into five main aspects: (1) individual commitment and motivation, (2) organizational capabilities, (3) relationships and networks between actors, (4) leadership and managerial systems, and (5) enabling environment (14).

Based on this view, the capacity of cooperative managers and supervisors encompasses not only personal knowledge and skills, but also collective abilities in managing organizations, building networks, and adapting to changes in the economic environment and public policy. In the context of cooperative institutions, capacity building means strengthening knowledge, skills, attitudes, as well as organizational structures and work networks so that cooperatives can be independent and competitive (15).

Capacity building differs from training alone, as it encompasses a long-term learning process that builds confidence, leadership, and collaboration among actors in cooperatives (16). Human resource capacity building strategies are a process of planning, training, career development, and performance evaluation designed to build organizational capabilities in a sustainable manner (17). Similarly, (18) states that human resource development includes planning, organizing, directing, and controlling the procurement, development, compensation, integration, and maintenance of employees to achieve individual and organizational goals.

Human resource development is a strategic effort to improve individual and organizational effectiveness through formal training, job rotation, coaching, mentoring, and the creation of a conducive work environment (19). Organizations need to recognize the development needs of each individual in context so that the training provided is relevant to the challenges faced (20). Meanwhile, (21) emphasizes that human resource development is a long-term investment for increasing productivity, loyalty, and work motivation.

Human resource capacity building in the context of cooperatives has its own characteristics because cooperatives are member-based social organizations. Cooperative human resource development strategies must emphasize active member participation, capacity building for management and supervisors, and community empowerment (22). This approach ensures that every manager and supervisor has the adequate skills to make strategic decisions, manage resources, and lead members in achieving cooperative goals. The success of human resource development is greatly influenced by management commitment, an organizational culture that supports learning, and a transparent performance evaluation system (23). Thus, human resource development should not be understood merely as technical training, but also as part of an organizational strategy to strengthen internal capacity and increase competitiveness in the face of external environmental dynamics. In line with this, (24) explain that human resource development is a process of increasing individual capacity through education, training, and continuous work experience, focusing not only on technical skills but also on changes in attitudes, behavior, and adaptive mindsets.

Training and human resource development are important forms of investment for organizations (25). By improving the quality of individuals, organizations can achieve short-term effectiveness and long-term resilience in the face of environmental changes. Indicators of successful human resource development include (1) job training that improves technical knowledge, (2) development of managerial and leadership competencies, (3) increased work motivation through empowerment, and (4) a supportive work environment, such as a positive culture and access to modern technology (26). Within the framework of HRD theory, there are several relevant approaches that can be used in this study, Competency-Based Approach, Strategic HR Development Approach, Participatory Approach, Continuous Learning Approach and Empowerment Approach.

### **3. Methodology**

The method used in this study is a case study method, where the OKU Regency in South Sumatra is used as a single case, namely the Merah Putih Cooperative, which is expected to develop well in Indonesia. The sampling method used is a census method, where the entire population of 157 administrators of the Merah Putih Cooperative in the OKU Regency was taken as a sample. Data processing was carried out using SWOT analysis, which was then entered into a matrix to obtain a quadrant position so that policies related to the development of the Merah Putih Cooperative's human resources could be formulated. The research was conducted in July 2025.

#### 4. Results and discussions

The results of the study show that the internal factors (IFAS) of human resource management at Koperasi Merah Putih can be seen in Table 1 below.

Table 1. Matriks IFAS (*Internal Factors Analysis Summary*)

No	Internal Factors	Weight	Rating	Score
1	Basic understanding of cooperative management	0,10	4	0,40
2	Motivation for administrators to improve capacity	0,09	4	0,36
3	The cooperative's organizational structure has been established.	0,08	3	0,24
4	The legality of cooperatives began to be fulfilled	0,08	3	0,24
5	Initial training and mentoring support	0,07	3	0,21
<b>Subtotal Strength</b>		0,42		1,45
6	Cooperative administration is not yet optimally organized	0,12	2	0,24
7	The ability to compile written reports is still low	0,11	2	0,22
8	The lack of clear operational SOPs	0,13	2	0,26
9	The operational readiness of cooperatives is still limited	0,12	2	0,24
10	Limitations of the work system and internal management	0,10	2	0,20
<b>Subtotal Weakness</b>		0,58		1,16
<b>Total IFAS</b>		<b>1,00</b>		<b>2,61</b>

Furthermore, external factors in the human resource management of the Merah Putih Cooperative can be seen in Table 2 below:

Table 2. Matriks EFAS (*External Factors Analysis Summary*)

No	External Factors	Weight	Rating	Score
1	Support from local governments and village officials	0,15	4	0,60
2	Assistance from relevant agencies	0,14	4	0,56
3	Ppotential village business opportunities	0,13	3	0,39
4	Level of public trust in cooperatives	0,12	3	0,36
<b>Subtotal Opportunity</b>		<b>0,54</b>		<b>1,91</b>
5	Business competition at the village level	0,16	2	0,32
6	Fluctuating economic conditions in villages	0,15	2	0,30
7	Market dynamics and limited business access	0,15	2	0,30
<b>Subtotal Threat</b>		<b>0,46</b>		<b>0,92</b>
<b>Total EFAS</b>		<b>1,00</b>		<b>2,83</b>

After being entered into the SWOT matrix, the point is located in Quadrant I, which indicates that the cooperative development strategy should be directed at utilizing internal strengths to capture available external opportunities. Thus, the focus of the strategy at this stage is on the next step, is an aggressive strategy that still considers strengthening internal systems and increasing human resource capacity.

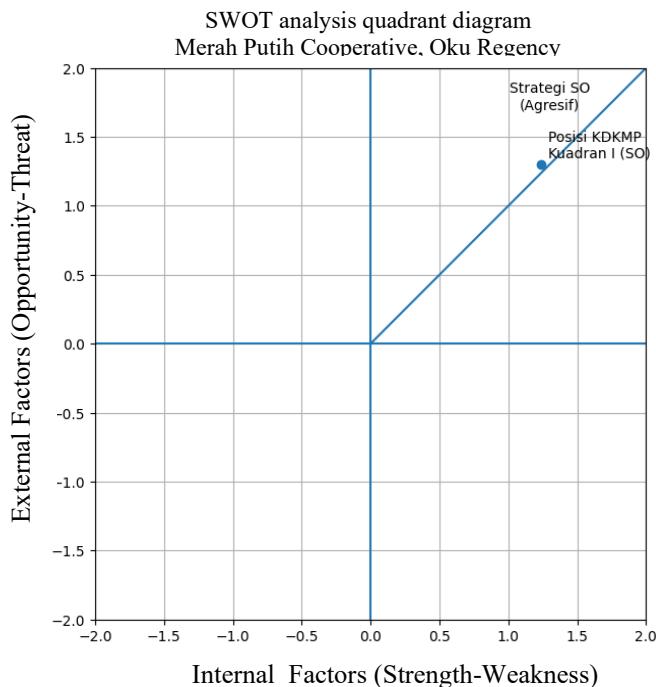


Figure 1. SWOT Analysis Quadrant Chart

To clarify KDKMP's strategic position visually, the results of the SWOT coordinate calculations are presented in the following SWOT quadrant diagram. The SWOT quadrant diagram is compiled based on the difference between internal factors (S-W) and external factors (O-T), which are obtained from the IFAS and EFAS matrices. The horizontal axis (X) shows the difference between strengths and weaknesses, while the vertical axis (Y) shows the difference between opportunities and threats. Based on the SWOT quadrant diagram, the position of the Merah Putih Village/Sub-District Cooperative in Ogan Komering Ulu Regency is in Quadrant I (Strength–Opportunity) with coordinates (X = +0.29; Y = +0.99). This position indicates that the internal strengths of the cooperative are greater than its weaknesses, and that external opportunities are more dominant than the threats it faces.

According to (27), organizations in Quadrant I are in a very advantageous position and are recommended to implement an aggressive (growth-oriented) strategy, which maximizes internal strengths to capture external opportunities. Thus, strategically, the Merah Putih Cooperative in Ogan Komering Ulu Regency has great potential for progressive and sustainable development. Some alternative SO strategies that can be implemented include: 1. Strengthening the role of the Merah Putih Cooperative as a driver of village-based economies based on local potential, by utilizing national and local government policy support. 2. Developing cooperative business units that are in line with the characteristics and needs of village communities, such as savings and loan businesses, agricultural product trading, and local economic support services. 3. Enhancing strategic partnerships with MSMEs, BUMDes, and the private sector to expand the cooperative's business network and market access. 4. Optimizing the participation of members and the village community by strengthening the value of mutual cooperation and active involvement in cooperative activities.

This SO strategy positions the Merah Putih Cooperative as the main actor in inclusive and sustainable rural economic development. The strategy formulation process refers to (28) view that strategy determines the long-term direction of an organization, and is in line with (29), who emphasizes that cooperative strategy must be rooted in internal strengths and the needs of members. Based on KDKMP's position in the Strength–Opportunity (SO) Quadrant, the development strategy focuses on utilizing internal strengths to capture external opportunities, while still considering supporting strategies to overcome weaknesses and anticipate threats.

## 5. Conclusions

### 5.1. Conclusion

Internal factors in the development of human resources at the Merah Putih Cooperative in OKU Regency include local government support, the completeness of cooperative institutions, the local economic potential of villages, and community participation and enthusiasm for mutual cooperation. On the other hand, external factors in the development of human resources include national and regional policy support, government training and mentoring programs, and business partnership opportunities, which represent key opportunities for the cooperative to utilize. Based on the results of the research using SWOT analysis, strategies that can be recommended include internal strengthening to capture external opportunities, such as improving human resources and institutions, developing businesses based on local economic potential, enhancing human resource capacity, and reinforcing business partnerships. These strategies aim to promote the sustainability and competitiveness of the cooperative.

### 5.2. Research Limitations

This study has data limitations considering that the Merah Putih Cooperative has only recently been established, so the research data is limited to general data on Merah Putih's human resource management.

### 5.3. Suggestions and Directions for Future Research

Local governments are expected to enhance continuous guidance and assistance, particularly in the areas of cooperative management, simple accounting, and organizational governance. In addition, training programs and capacity building for cooperative human resources should be designed in a tiered and sustainable manner. Local governments, along with relevant stakeholders, are also encouraged to facilitate strategic partnerships between cooperatives, MSMEs, BUMDes, and the private sector to expand market access, capital, and business networks for cooperatives. Cooperative administrators and supervisors should focus on improving the professionalism of cooperative management, particularly in business planning, financial recording, and the consistent implementation of internal control functions. Moreover, cooperatives must gradually adopt digital technology in administration, member data management, and business development to stay adaptable to the dynamic business environment. Finally, it is crucial to continuously encourage active participation from cooperative members through cooperative education, dissemination of cooperative programs, and involving members in strategic decision-making processes.

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