

## Member Service Quality Development Strategy Using SWOT Analysis Study on Bhina Raharja Savings and Loans Cooperative in Rembang Regency

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### **Abstract**

*This study aims to analyze service quality at the Bhina Raharja Savings and Loan Cooperative in Rembang Regency using the 8P marketing mix framework and SWOT analysis. The study uses a qualitative approach. Data were collected through observation, in-depth interviews with five informants consisting of managers, service officers, and members, as well as supporting document studies. The results of the study found four main themes, namely the spirit of kinship as a relational strength based on trust but not yet standardized in written SOPs, the convenience and accessibility of physical services that are quite good but not yet integrated with digital services, the transparency of costs that are not fully understood by members, and the need for digital modernization as both an opportunity and a challenge for organizational adaptation. The SWOT analysis shows that the strengths lie in social capital and emotional closeness, while the weaknesses lie in manual systems, limited standardization, and cost communication. Opportunities stem from the trend of digitalization and community economic awareness, while threats come from fintech and digital banking. Recommended strategies include humanistic digital transformation, increased cost transparency, revitalization of human resource competencies, and optimization of service facilities. Improving service quality requires a balance of family values, transparency, and technological innovation to strengthen loyalty and competitiveness in cooperatives.*

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## INTRODUCTION

Cooperatives in Indonesia are not merely profit-oriented businesses, but rather a vehicle for realizing shared prosperity for all their members. As a key pillar of the people's economy, cooperatives are seen as highly aligned with the cultural characteristics of Indonesian society, which upholds the value of mutual cooperation. Cooperatives play a vital role as instruments for economic equality because the capital they manage is sourced from and allocated to members independently. Established in 1994 in Rembang Regency, KSP Bhina Raharja has official legal entity status registered with the Ministry of Cooperatives and SMEs. Membership in this cooperative is open to anyone who meets the basic requirements, resulting in its membership growing significantly. Based on the 2022 Articles of Association (AD/ART), cooperatives are obligated to provide fair, transparent, and professional service access to all members.

The institutional dynamics of KSP Bhina Raharja are demonstrated by its membership, which reached 65,715 in 2024, spread across dozens of branch offices. The cooperative's achievements have been recognized nationally, with its recognition as one of the 100 Largest Cooperatives in Indonesia in 2025. However, at the local level in Rembang Regency, the cooperative must compete with 198 other active cooperatives in a competitive ecosystem.

Despite its long history, there is a discrepancy between established service standards and actual practices in the operational field. Member complaints include delays in loan disbursement, unclear details about fees, and poor communication quality from staff. This is reinforced by operational development data, which shows a downward trend in the number of active borrowers.

According to the 2024 evaluation report, the number of members accessing loans decreased from 2,755 in 2021 to 2,665. The decline in loan disbursement from Rp 15.7 billion to Rp 11.1 billion indicates an erosion of member trust. This strongly suggests that current services are not fully meeting members' expectations. Initial observations of five active members revealed that three complained about loan disbursement times that often exceeded promises. Two other members highlighted transparency issues, with administrative fees frequently changing during the application process. This reality suggests that operational service standards (SOPs) have not been consistently implemented by all implementing staff. Field data from 2025 noted that the disbursement process often took 4 to 7 working days, despite the standard operating procedure (SOP) specifying a maximum of 3 days. Furthermore, members were frequently asked to resubmit documents due to incorrect formatting, indicating inefficient service. Behavioral inconsistencies, such as a lack of empathy from officers during peak hours, were also critical points in this evaluation.

This phenomenon illustrates a significant gap between regulatory idealism and the technical realities at the service desk. This is not only related to administrative issues but also concerns members' psychological perceptions of cooperative professionalism. Without improvement, this condition could threaten the sustainability of cooperatives amidst the rise of other modern financial institutions. The development strategy is urgently needed through a marketing mix approach or 8P marketing. A SWOT analysis is needed to map internal strengths and external opportunities that can be optimized to cover existing weaknesses. This research focuses on efforts to synchronize traditional cooperative values with the demands of modern service efficiency.

The research problem formulation in this study covers how to describe current services from the perspective of eight aspects of service marketing. Furthermore, the study aims to map the cooperative's strategic position to determine the most appropriate steps for developing service quality. The ultimate goal is to develop a service improvement strategy to remain relevant to members' future needs.

The theoretical benefit of this study is its contribution to the literature on cooperative service management, particularly in the context of a people's economy. Practically, the research results are expected to provide an empirical reference for management in identifying patterns of relationships between service and satisfaction. With a strong database, cooperatives can maintain their family-like characteristics amidst digital dynamics. This gap between ideal conditions and technical reality is the primary impetus for an in-depth analysis of KSP Bhina Raharja. The primary focus of the research is to identify the root causes of obstacles in aspects of speed, information clarity, and work procedures. This effort is crucial for strengthening member trust and maintaining their long-term loyalty.

This research focuses on the KSP Bhina Raharja headquarters in Rembang Regency as the primary unit of analysis. The location was chosen based on the institution's operational scale, a key driver of the region's people's economy. The formal object of the research is the service quality development strategy, while the material object is KSP Bhina Raharja's operations.

## **METHOD**

The type of research used is qualitative research with a case study approach at KSP Bhina Raharja. This method was chosen to understand the service phenomenon as a whole in natural object conditions in real life. The main focus is to explore the meaning behind the social interactions between officers and members that cannot be reached by numbers alone. The research location is centered at the KSP Bhina Raharja Head Office, Rembang Regency, which is the operational heart for all its branches. The researchers chose this location because it has the highest transaction volume and member interaction, making it representative for study. The research context covers the entire savings and loan service process carried out daily.

The research subjects were determined using purposive sampling to obtain informants with in-depth information related to the research problem. Informants consisted of five categories: branch managers, service staff, and three categories of members with different profiles. This diversity of informant profiles aimed to obtain a rich and balanced perspective on service quality. The types of data collected included primary and secondary data to support the completeness of the analysis. Primary data were obtained directly through in-depth interviews and participant observation in the cooperative's service area. Secondary data included internal documents such as RAT reports, service SOPs, and officially used product brochures. In-depth interviews were conducted using a structured yet flexible interview guide to explore informants' answers. Systematic observations were made of officer behavior, office physical facilities, and the administrative procedures followed by members. Document studies were used to verify whether practices in the field were in accordance with written regulations.

The data analysis technique follows the interactive model of Miles and Huberman, which consists of data reduction, data presentation, and conclusion drawing. Data reduction is carried out by summarizing and selecting key points relevant to the focus of service quality. Data presentation is done in the form of descriptive narratives and tables to facilitate understanding of the patterns of findings. Data validity is maintained through triangulation techniques, both source triangulation and data collection technique triangulation. Source triangulation is carried out by comparing statements from manager informants with member informants regarding the same issue. Technical triangulation is carried out by checking interview results with facts found through direct observation in the field.

In addition to triangulation, researchers also conducted member checks to ensure that data interpretations aligned with the informants' intentions. Discussions with colleagues and supervisors were also conducted to maintain the objectivity of the analysis. These steps are crucial to ensuring that research results are truly valid and academically accountable.

This study uses the 8P marketing mix framework as an analytical tool to comprehensively analyze service quality. These eight elements are product, price, place, promotion, people, process, programs, and performance. Each element is analyzed to identify strengths and weaknesses, which are then incorporated into a SWOT matrix. The SWOT analysis is conducted by weighting and assessing internal (IFAS) and external (EFAS) strategic factors. The scores obtained are then mapped onto a quadrant diagram to determine the cooperative's current strategic position. From this position, a development strategy is formulated through four main strategic combinations (SO, ST, WO, WT).

Research ethics were strictly upheld by adhering to the principles of confidentiality and informant volunteerism. Researchers formally requested permission from the management before beginning any field data collection. The data collected was used solely for the development of management science and academic purposes.

The research will be conducted over several months in 2025-2026, spanning the preparation phase through to the final report. The activity schedule is systematically structured, starting with proposal submission and data collection in stages I and II, and ending with final revisions. This consistent schedule ensures the research process runs efficiently and achieves the established targets.

The researchers acknowledge the limitations of the study, which involved only five informants, which makes the results difficult to generalize widely. However, the depth of the data obtained is considered sufficiently representative to address strategic challenges at the head office. Informant honesty is a crucial variable whose validation has been attempted through rigorous cross-observation.

## RESULT AND DISCUSSION

An analysis of the member service quality development strategy at KSP Bhina Raharja using a service marketing mix framework includes data that has been reduced and then mapped into a matrix of internal and external factors to determine the cooperative's strategic position amidst competition. All these findings aim to provide an objective picture of the reality of existing services while formulating applicable development solutions.

This qualitative research seeks to explore the meaning behind social interactions and technical constraints that are often not reflected in cooperatives' annual financial reports. The main focus of the discussion is directed at identifying strengths that can be optimized and weaknesses that must be immediately addressed through information system innovation. Through a case study approach, the researcher attempts to synthesize traditional family values with the demands of modern service professionalism in today's era of digital disruption.

### **Overview of Research Object**

KSP Bhina Raharja was established in 1994 in Rembang Regency as a concrete manifestation of the people's economy for the local community. This institution began with a spirit of mutual cooperation to provide capital to MSMEs in rural areas that had difficulty accessing banking. Over time, the cooperative grew rapidly, becoming one of the 100 largest national cooperatives with stable and professional governance. Member trust is its greatest asset, maintained through adherence to regulations and strong local wisdom in the field.

The cooperative's organizational structure is based on Special Regulation Number 15/Persus/BR/II/2017, which regulates the professional and measurable flow of command for managers. The Members' Meeting holds the highest authority, reflecting the owners' sovereignty, in determining the strategic policy direction of the institution, which is inclusive for all its members. Under its leadership, the Management and Supervisory Board carry out executive and control functions to ensure operations run according to the organization's Articles of Association (AD/ART). Operational management is led by the General Manager, who oversees the IT and HR technical units to ensure standardized service.

### **Description of Services at KSP Bhina Raharja**

Daily service at this cooperative has unique characteristics, heavily influenced by local cultural values and etiquette. Interactions between staff and members are not merely transactional, but rather built on a strong and warm sense of family. Service staff are known for their friendly, courteous, and communicative demeanor when welcoming members at the head office and branch offices. This creates a sense of psychological comfort for members, fostering a strong emotional bond with the institution.

However, descriptions of service delivery in the field also revealed technical challenges that frequently arise during peak office hours. Researchers found that despite high levels of staff friendliness, the speed of the information system often failed to keep up with the increased workload. Members sometimes had to wait longer due to slow data synchronization between branches, a phenomenon often referred to as "ngelaga." This situation indicates a gap between the quality of human resources and the support of information technology infrastructure.

### **Marketing Mix 8P Perspective in Cooperative Conditions**

The marketing mix analysis begins with the product aspect, which offers the advantage of very fast disbursement of BPKB-based loans. This product is popular because its procedures are considered more flexible and humane than the generally rigid banking requirements. Regarding price, researchers found that transparency of administrative fees is a frequently questioned issue among members, particularly regarding insurance deductions. Cooperatives need to standardize the explanation of cost details so that members have a complete understanding and feel they are being treated fairly.

The Place and Promotion elements demonstrate the office's strategic location, close to the center of people's economic activity, yet the use of digital promotional media is still minimal. The People aspect is the strongest asset, with highly dedicated staff, but the Process element is still dominated by inefficient manual processes. Programs and Performance reflect the cooperative's achievements in maintaining asset growth despite facing pressing system modernization challenges. Regular evaluation of frontline service performance must be conducted consistently to ensure that excellent service standards continue to meet member expectations.

### **Determining Strategic Positioning of Services**

Through internal factor identification, researchers identified key strengths in reputation and emotional closeness, but weaknesses in operational information technology standardization. External factors indicate significant opportunities in the MSME sector, which requires rapid capital acquisition but is threatened by the aggressiveness of fintech companies offering instant access. The total SWOT matrix score places cooperative services in a position that demands a massive and structured internal improvement strategy. Management must immediately optimize the strength of social capital to address system weaknesses and avoid losing market share to young members.

### **Strategic Steps for Development**

The primary step is the development of standard written service SOPs to ensure consistent service quality across all branch offices without exception. The second strategy is investing in information technology infrastructure to eliminate system constraints that frequently experience data synchronization issues or "lags." Third, cooperatives must increase cost transparency through honest and open financial education covering administrative details from the outset of the agreement. Fourth, human resource capacity development through technology training and excellent service ethics for frontline staff is essential.

Other strategic steps include the development of a mobile application and the revitalization of physical facilities by providing digital information corners in each cooperative service office waiting room. Implementing these measures requires full support from the management team, both in terms of investment budget allocation and strict operational oversight. Regular monitoring of member satisfaction must be conducted through a measurable survey mechanism to ensure the effectiveness of each policy. Striking a balance between traditional values and modern systems is key to the continued existence of KSP Bhina Raharja in today's disruptive era.

### **Research Findings**

Based on data analysis, researchers compiled a summary table that comprehensively captures the actual condition of cooperative service quality based on field data reduction. Findings regarding service culture confirm that family values remain a key bulwark of member loyalty, a distinction difficult to match for conventional banking institutions. However, findings on IT infrastructure warn of efficiency risks if management continues to delay equipment modernization for an extended period. Inequality in system support creates significant obstacles to staff's daily performance, despite their high level of dedication.

The researcher synthesizes new meanings that constitute an original contribution in this thesis research to the development of modern cooperative service management literature. The first meaning is the term "Semi-Online," which has long been considered technologically backward, but is actually a unique form of Security-by-Design. The time lag that occurs during data synchronization functions as a physical security filter to protect member data from global cyber-hacking aggression. This new meaning transforms the negative perception of slow systems into a highly adaptive data protection strategy.

The second meaning is the "Ngelag" phenomenon, which researchers interpret as a form of operational control lag to ensure the accuracy of each member's daily transaction data. This

speed constraint forces officers to perform double verification to ensure financial validity amidst limited internet infrastructure in rural Rembang. This new meaning suggests that in the cooperative context, administrative accuracy is prioritized over instant speed, which risks data errors. This technical phenomenon represents a strategic compromise between technological modernization and fundamental banking principles of prudence.

The third meaning is the transformation of "Technology Shock" into a form of participatory education for community members in remote villages who are still digitally unfamiliar. Cooperative officers act as "Cultural Bridges," translating the rigid language of digital systems into a much more understandable, family-like language. The success of digitalization in rural areas is determined by the high frequency of personal interactions between the officers who patiently guide members. Digitalization in cooperatives must maintain a "Human Face" to avoid creating a wide social distance between the institution and its members.

The fourth meaning relates to the efficiency of standard hardware as part of a Low-Cost Operations strategy to maintain the institution's financial health amidst intense market competition. The use of functional hardware without the luxury of expensive equipment demonstrates that digitalization in cooperatives doesn't have to burden the balance sheet excessively or drastically. Its strategic significance lies in the ability to manage assets productively to allocate a greater share of the SHU (profitable profit) for the welfare of all cooperative members. This business model is considered very healthy because technology is positioned as a productivity-supporting tool, not a costly investment burden.

The fifth meaning is the use of "Family Values" as a strong social shield against the impersonal and aggressive nature of online lending. In the digital age, personal closeness and physical relationships have become "luxuries" sought by people as guarantees of financial security and comfort. Cooperatives don't compete by being more digital than fintech, but rather by being far more human and caring than their services. This hybrid-humanist strategy is key to cooperative resilience in maintaining the loyalty of its market share in the future.

Finally, the meaning of "Hidden Costs" has transformed into a strong impetus for implementing Radical Transparency as part of the daily premium service package for every member. Honesty in disclosing administrative costs from the outset is a key factor in building long-term member loyalty within the community. This new definition confirms that the cooperative's integrity is being tested by providing transparent information that is easily understood by all members. Thus, KSP Bhina Raharja is implementing a highly robust service quality development model.

Implementing services that combine emotional closeness and system efficiency will strengthen KSP Bhina Raharja's position as the market leader for cooperatives in Rembang Regency. Researchers observed that existing members remain loyal not only because of the product, but also because of the sense of security provided through personal interactions with staff. Nevertheless, management must not become complacent and must continue digital acceleration to reach the millennial generation market segment. Technological innovation must remain grounded in the values of mutual cooperation to ensure the cooperative spirit is not lost in the currents of modernization that lack empathy.

Members' assessments of the comfortable physical aspects of the office demonstrate that physical evidence remains a key factor in establishing a professional image of a regional financial institution. A representative waiting room and friendly service convey the impression that the cooperative is run by serious, member-oriented management. Going forward, the addition of independent digital facilities at the head office will further strengthen the cooperative's perception of modernity in the eyes of the wider public. The harmony between a comfortable work environment and a fast system will result in a very high level of service satisfaction.

An in-depth SWOT analysis provides clear direction for management to develop a more targeted and effective annual strategic work plan. Prioritizing information system development and enhancing human resources' digital competency must be immediately realized through

concrete work programs in the field. Support from all organizational elements is essential for a successful service transformation from a manual approach to a digital approach that maintains a humanistic approach. This strategy is not only about winning the competition, but also about safeguarding the trust placed on members to ensure their well-being through professional and modern cooperative management.

## CONCLUSION

This study found that the quality of member service at KSP Bhina Raharja is dominated by the strength of family spirit that builds emotional trust and loyalty, but is hampered by slow manual systems, lack of standardized SOPs, and suboptimal cost transparency, as revealed through the 8P marketing mix analysis and SWOT matrix. The main findings indicate that the cooperative's strategic position requires a digital-humanist transformation to optimize MSME digitalization opportunities while addressing fintech threats, with the main recommendations being IT infrastructure investment, HR training, and transparent cost education. Practically, the implications of this study encourage cooperative management to implement a hybrid strategy that balances the values of mutual cooperation with modern efficiency to maintain competitiveness and member welfare.

While providing in-depth analysis through a qualitative case study with data triangulation, this study has limitations as it only involved five informants at the head office, making the results not broadly generalizable to all branches or similar cooperatives. For future research, it is recommended to expand the sample to the branch level, integrate a mixed methods approach with a quantitative survey, and compare cooperatives in other regions to test the generalizability of the proposed digital-humanist strategy. This approach would enrich the literature on cooperative management in the era of disruption.

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