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Service quality strategy to increase member participation in savings and loan cooperatives

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Abstract

This study discusses service quality strategies that can increase member participation in the Mitra Artha Sadaya Savings and Loan Cooperative. The aim of this research is to identify existing service issues and find solutions to enhance member participation in the cooperative. Using a qualitative method with a descriptive approach, data was collected from in-depth interviews, participatory observation, and analysis of member participation documents in 2022. The results of the study show that good service quality and effective communication with cooperative members can increase member participation. Friendly service and clear information from cooperative staff play an important role in enhancing member satisfaction and loyalty. These findings emphasize the importance of service quality improvement as a key strategy to attract more member participation in savings and loan cooperatives.

Keywords: Savings and loan cooperative, service quality, member participation

Introduction

Economic development involves efforts by a country to improve the economic welfare and quality of life of its people ^[1]. One way to achieve this welfare is by providing financial inclusion facilities for entrepreneurs, especially micro, small, and medium enterprises. Savings and Loan Cooperatives are financial institutions operating within community cooperatives with the goal of meeting member needs through savings collection, loan provision, and financial advisory services ^[2]. According to ^[3] Saving and Loan Cooperatives also aim to provide sustainable services to their members to support community development. They support economic growth and development by providing the resources needed by members to start successful businesses. In developing countries, cooperatives play an important role in supporting the economic activities of low-income communities and helping them improve their quality of life ^[1].

In general, Saving and Loan Cooperatives have similar goals and characteristics to other financial institution, such as Convesional Banks and Rural Bank. Like banks, cooperatives are financial instututions that provide financial services to users. Both have the same role in the global financial system ^[4]. However, Saving and Loan Cooperatives have a uniqueness compared to other financial institutions due to their dual identify characteristics, where costumers are also members and owners of Saving and Loan Cooperatives ^[5]. Member regularly sane their savings and can then obtain loans for various purposes. In general, the purpose of establishing Saving and Loan Cooperatives is to encourage savings habits and provide credit for its members ^[6].

According to ^[7], the expected performance of Saving and Loan Cooperatives shows that they must be efficient and effective in resource use. They need to masure their performance to determine if they are achieving the necessary result to survive ^[2]. On the other hand, services quality is a promise that cooperatives give to their member through communication and the actual services provided ^[8]. Better service quality is an important factor that can help differentiate and improve organizational performance in an era of fierce competition ^[9]. According to ^[10] organizations have realized that service quality provides sustainable and competitive advantages.

In recent years, research on service quality has evolved into a significant field for observers and information professionals to determine the types of services provided and the best

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