

The Human Resource Empowerment Model for Village Credit Institutions (LPD) in Badung Regency Bali Province

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Abstract: The Village Credit Institutions (LPD) in Badung Regency, Bali Province have experienced a rapid growth. In facing the ever-changing environment, the LPDs must be supported with competent human resources, in order to be more professional and ready to compete. The aim of this research is to identify the opportunities and challenges, strengths and weaknesses of the LPD, and to design a human resource empowerment model for the LPDs. The analysis technique utilized in this research is the descriptive analysis. In formulating the HR empowerment model, the concepts of strategic management is used, namely by analyzing the LPD's strategic position using the Internal External Matrix (IE Matrix). The research results show that the LPD's strategic position in the IE Matrix is in cell I, which explains that the LPD has a high opportunity and strong competitiveness. A suitable strategy for entities in this position to grow and develop is by conducting the intensive strategy through market penetration, market development, and product development. The human resource empowerment model which encompasses the managers, supervisors, and employees recommended for LPDs in order to successfully implement their strategy is the individual capacity development empowerment model, through training programs to increase the individual characteristic qualities to be more effective and efficient in performing their tasks. The individual capacity development comprises the personality capacity, work capacity and professional capacity development.

Keywords: *Empowerment model, Individual capacity development.*

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Introduction

The village credit institution (LPD) is a financial institution owned by the *Pakraman* village in Bali which provides economic, social and cultural benefit for the village members (*krama Desa*). The LPDs have also proven to be capable of improving the village people's welfare and at the same time sustain the growth of the Balinese culture as a national asset. Along with the development of the LPDs in Bali, the LPDs in Badung Regency have also shown a vast development.

The LPDs have contributed towards the development and have eased the people's burden in conducting the customs and religious ceremonies or *yadnya*, along with supporting the conservation of the customs and culture. The success of the LPD as a financial institution based on the local wisdom is determined by various factors, not only the managers/developers and employees of the LPD, but also the role of the

supervisors of the LPD and the participation of the village people as members. The demand for the LPD's continuity will be increasing greater in the times to come due to the dynamic changes in the external environment, which encompasses economical, social, cultural, regulatory and technological factors [1]. In facing these changes, the LPD must be supported with competent human resources (HR), so that operationally the LPD can become a more professional institution which is ready to compete. This research is motivated by several gaps found related to the existence of the LPD, such as the asset value, health level, and the diverse development of LPDs [2].

In facing the challenge of dynamic changes in the external environment, especially the competition, it is important for the LPD to be managed professionally, so that it is able to compete and provide greater positive impact for the village.

Accordingly, the HR empowerment is an important component in determining the effectivity and success of the LPD. As stated by Nugraha [3], the weak characteristics of HR in small and medium enterprises (SME) or house businesses (HB) demands for a change by conducting holistic activities especially improving the work mechanism and HR characteristics through an empowerment program. HR is the human capital, and in this case is an intellectual capital, which is the ability to provide bright ideas for the development of the organization and to make smart responses to the changes in the environment, so that they are more able to compete and sustain the continuity of the LPD.

Tutar et al. [4] emphasized that an HR approach based on the initiative, creativity, competence, autonomous behavior and empowerment, becomes a very important issue. The empowerments emerge as a strategy in the development model which centers on the people (people centered development) [5]. Empowerment can be defined as making people feel appreciated by involving them in the decision making process, providing opportunities to participate in the planning process, and continuously provide trainings and support [6].

Thomas & Velthouse [7], emphasized that power in the context of empowerment is also used to depict capacity. In the organizational perspective, empowering also means the transfer of responsibility and authority to employees to make decisions regarding the product or customer service development aspects [8]. In empowerment, the firm or organization, in this case is the LPD, may change to be close with customers, improve service, increase productivity, and eventually win the competition [9].

Yusoff et al. [10] has proven that employee (HR) empowerment has a positive and significant influence on the performance continuity of an organization. when employees are empowered, they seem to be more enthusiastic in serving customers [11], therefore has a positive impact on the work performance, innovative performance [12-13] and creative [14]. Empowerment is a planned and systematic process in transferring power and responsibility accountably [15]. By referring to this empowerment perspective

which was stated by Mardikanto & Soebianto [16], the empowerment implemented in this research is a capacity strengthening process, namely the process to improve individuals, groups, organizational and institutional abilities. As Thomas & Velthouse [7] have stated, power in the context of empowerment is also used to picture capacity. As a process, empowerment is a set of activities to facilitate, strengthen and optimize the LPD's HR development.

This is in terms of the ability to manage the available resources and utilize the strategic environment to sustain the LPD's existence that has a sustainable competitiveness. Capacity strengthening encompasses the capacity of each individual of the LPD HR, including the manager, supervisor, and employees. Reviewed based on the strategic management concept, the strategic environment which affects the firm's continuity (in this case the LPD) consists of the internal and external environment. The external environment comprises the economic, social, cultural, technological and government.

While the internal environment are production/operational, finance, marketing and human resource. Through the empowerment effort, LPD's HR are encouraged to have the ability to optimally utilize the resources owned, and to be fully involved in the production/operational, economic, social and industrial environment mechanism. In considering the explanations above, the main problem in this research is how to formulate an LPD HR empowerment model. By referring to the main issues, the research objectives are: 1) to identify the LPD's opportunities and challenges based on the economical, technological, regulatory, social and cultural aspects, 2) to identify the strength and weaknesses of the LPD in terms of finance, marketing, operational, and HR directly related to the LPD, namely the manager, employee, and supervisory board of the LPD, and 3) to design an HR empowerment model so that the existence of the LPD can be sustained as a financial institution based on the local wisdom.

Materials and Methods

Research Design

This research is an action research which begins with a research to identify the issue.

By using the action design, this research produced a people empowerment model in the attempt to sustain the existence of the LPDs as a financial institution owned by the villages in Bali. In designing the empowerment model, the strategic management approach, namely the SWOT (strengths, weaknesses, opportunities, and threats) and the Internal-External matrix analysis are used to determine the strategic position of the LPD in the environment [17-18].

Population, Sample, and Research Respondent

The research is performed in Badung Regency, Bali Province. The total population of the LPD in Badung Regency is 122 units, distributed in 6 districts. For sampling, a non probability sampling technique is used, which is the purposive sampling, selected proportionally based on the asset value, health level and location.

The respondents are the managers, academician and representatives of the LPD Empowerment Institution (LPLPD). Based on these criteria, there are 36 units of LPDs as sample. The total respondents are 75 people which consist of 71 LPD managers, 3 academicians, and one from the LPLPD. The respondents provide their assessment regarding the internal and external strategic factors, viewed from the importance level of the factors (from very unimportant (STP) to very important (SP)), the current conditions and the future predictions (from very bad (SBr) to very good (SB)) in the next 3-5 years.

Data Analysis Technique

The data analysis technique used is the descriptive statistics analysis, to describe and analyze the internal and external strategic factors of the LPD in order to design the right empowerment model, with the steps as follows:

- Identifying the internal and external strategic key factors that may have a strong influence on the LPD's success.
- Analyzing the external and internal strategic factors to determine the opportunity, threat/challenges, strengths and weaknesses of the LPD (SWOT analysis - strengths, weaknesses, opportunities, and threats)
- Picture the strategic position of the LPD in the internal-External Matrix.
- Determine the correct or suitable strategy for the LPD.
- Designing the HR Empowerment Model for LPDs.

Results and Discussion

Identification of the Strategic Factors which Determine the LPD's Success

The strategic factors that have an influence on the operations of the LPD is categorized into internal and external strategic factors. The internal strategic factor is the internal condition of the LPD which strongly determines its success in facing the threats and opportunities available in the external environment. The internal strategic factor can be seen from the key business functions of the LPD which encompasses the operational, marketing, finance, human resource (HR) function and physical resources. Meanwhile, the external strategic factors can be seen from the economic, technological, government, and competition environment factor.

The external strategic factor is the outer environment condition of the LPD, which may influence the growth or decline of the LPD. From the literature study and results of the observation on the LPD's operations, the key internal and external strategic factor which determines the success of the LPD in Badung Regency today and predicts the next 3-5 years have been identified and are displayed in Table 1.

Table 1: The Key Internal and External Strategic Factors that Strongly Influence the Success of the LPD

| No | Internal Strategic Factors | External Strategic Factors |
|----|---|--|
| 1 | The total amount of the distributed credit | The economic growth in Bali |
| 2 | The amount of funds collected from third parties (savings and deposits) | The prevailing loan interest rate |
| 3 | The LPD's credit interest level | Inflation rate |
| 4 | Capital support from the Government | The supportive attitude of the village members towards the LPD's existence |
| 5 | The LPD's service quality | The village member's productivity in agricultural business activities |

| No | Internal Strategic Factors | External Strategic Factors |
|----|---|---|
| 6 | Promotional support | The village member's productivity in commerce activities |
| 7 | Quantity and Quality of the human resources (HR) | The village member's productivity in tourism activities |
| 8 | Competence of the HR | The village member's productivity in house business industry activities |
| 9 | Loyalty of the HR | The income level of the village members |
| 10 | Organizational Culture (LPD) | Culture/customs of the local people |
| 11 | Commitment and competence of Managers | Development in the number of Small, Micro, and Medium Enterprises (SMME) |
| 12 | Commitment and competence of Supervisory Board | Development in the number of micro-finance institutions (such as BPR and other equivalent institutions) |
| 13 | Information technology-based (IT) Office equipment support (administration and communication) | Bank credit distribution policies |
| 14 | Comprehensive Accounting system | LPD-related local government policies |
| 15 | Decent buildings and infrastructures | Information technology development |
| 16 | Decent transportation vehicles | |

Formulation of the Village Credit Institutions' (LPD) HR Empowerment Model

The HR empowerment model for LPDs is designed by conducting an analysis on the internal and external strategic factors that have been identified. The external strategic factors are analyzed to determine the opportunity or threat/challenges of the LPD today and in the future (the next three to five years), while the internal strategic factors are analyzed to determine the current strength and weaknesses of the LPD and in the future.

External Strategic Factor Analysis

Two aspects are assessed in analyzing the external strategic factors, namely the factor's level of importance towards the LPD's performance, and the external strategic factors condition in the LPD's performance. Based on the average score of respondent's answers regarding the importance level of the factors, the factors are ranked and the results are used as the basis for weightage. The full results of respondent's assessments are displayed in Table 2.

Table 2: The External Strategic Factors Importance Level for the Current Performance of the LPD and for Future Predictions

| No. | External Strategic Factors | The Importance Level of the External Strategic Factors for the Performance of the LPD | | | | | |
|-----|--|---|-------------|------------|--------------------|-------------|------------|
| | | Today | | | Future Predictions | | |
| | | Aver-age score | Description | Weight-age | Aver-age score | Description | Weight-age |
| 1 | The economic growth in Bali | 4.43 | SP | 6.5 | 4.63 | SP | 10.00 |
| 2 | The prevailing loan interest rate | 4.54 | SP | 8.5 | 4.49 | SP | 7.75 |
| 3 | Inflation rate | 3.69 | P | 1.5 | 3.60 | | 2.00 |
| 4 | The supportive attitude of the village members towards the LPD's existence | 4.80 | SP | 11.5 | 4.57 | SP | 8.50 |
| 5 | The village member's productivity in agricultural business activities | 4.43 | SP | 6.5 | 4.34 | SP | 5.50 |
| 6 | The village member's productivity in commerce activities | 4.31 | SP | 4.5 | 4.23 | SP | 3.50 |
| 7 | The village member's productivity in tourism activities | 4.17 | P | 3.5 | 4.43 | SP | 6.25 |
| 8 | The village member's productivity in house business industry activities | 4.49 | SP | 7.25 | 4.43 | SP | 6.25 |

| No. | External Strategic Factors | The Importance Level of the External Strategic Factors for the Performance of the LPD | | | | | |
|-----|---|---|-------------|------------|--------------------|-------------|------------|
| | | Today | | | Future Predictions | | |
| | | Aver-age score | Description | Weight-age | Aver-age score | Description | Weight-age |
| 9 | The income level of the village members | 4.54 | SP | 8.5 | 4.60 | SP | 9.25 |
| 10 | Culture/customs of the local people | 4.54 | SP | 8.5 | 4.57 | SP | 8.50 |
| 11 | Development in the number of Small, Micro, and Medium Enterprises (SMME) | 4.34 | SP | 5.5 | 4.43 | SP | 6.25 |
| 12 | Development in the number of micro-finance institutions (such as BPR and other equivalent institutions) | 3.83 | P | 2.5 | 3.77 | P | 2.75 |
| 13 | Bank credit distribution policies | 4.34 | SP | 5.5 | 4.26 | SP | 4.25 |
| 14 | LPD-related local government policies | 4.74 | SP | 10.5 | 4.60 | SP | 9.25 |
| 15 | Information technology development | 4.63 | SP | 9.5 | 4.63 | SP | 10.00 |
| | Total | | | 100 | | | 100 |

Source: Process primary data, 2017. Annotation: P (Important), SP (Very Important)

From the information in Table 2, three external strategic factors are determined to be the most important, namely the support of the village members towards the LPD's existence (score 4.80), LPD-related government policies (score 4.74), and the development of information technology (score 4.63). On the other hand, the external strategic factors viewed as strongly influential on the performance of LPD in the future are the development of information technology (score 4.63), Economic growth in Bali (score 4.63), LPD-related government policies (score 4.60), the income level of the village members (score 4.60), the culture/customs of the local people (score 4.57), and the supportive attitude of the village members towards the LPD's existence (score 4.57).

The external factor conditions and the relationship with the LPD's success today and for future predictions can be seen in the respondent's assessment results which are displayed in Table 3. From the information in Table 3, the overall condition of the external strategic factors is categorized as good (score 3.97). From the 15 external factors, the culture/ customs of the local people (score 4.29), and LPD-related government policies (4.26), are very good factors in supporting the existence of the LPD.

Furthermore, the supportive attitude of the village members towards the LPD (score 4.20) and the village member's productivity in agricultural business activities (score 4.18) are also viewed as external factors that support the LPD's existence in Badung Regency. Likewise, the income level of the village people, the bank credit distribution policies, and information technology development are also external strategic factors in which are considered to be conditions that greatly support the LPD's existence. The importance level of each external factor is reflected in the weightage, just as it has been displayed in Table 2.

Thus, the weighted value of each strategic factor is displayed in Table 3. From the information in Table 3, the current weighted value of the external factor is 4.06, which means a good condition. This condition pictures that the strategic external factors provide opportunities for the LPD's current performance achievement. The external factors that provide large opportunities are the supportive attitude of village members towards the existence of the LPD, LPD-related local government policies and the development in information technology. The condition of the external factors used to predict the future, in which are expected to provide large opportunities are: the

supportive attitude of village members towards the existence of the LPD (score 4.43), the productivity of the village member in agricultural business activities (score 4.40), the income level of the village people (score 4.40), LPD-related local government policies (score 4.40), the economic growth in Bali (score 4.31), and the culture/customs of the local people (score 4.29).

Assessing the weightage of each factor, it can be seen in Table 3 that the weighted value is 4.24 which is greater than the current condition. This shows that the external strategic factors are predicted to provide better opportunities compared with the current condition.

Table 3: The LPD's External Strategic Factors Condition Level in the Current Time and for Future Predictions

| N o. | External Strategic Factors | The condition level of External Strategic Factors and the relationship with the LPD's performance achievement | | | | | | | |
|------|---|---|--------------|------------|-----------------|--------------------|--------------|------------|-----------------|
| | | Current Time | | | | Future Predictions | | | |
| | | Aver-age Score | Descrip tion | Weigh-tage | Weigh-ted Value | Aver-age Score | Descrip tion | Weigh-tage | Weigh-ted Value |
| 1 | The economic growth in Bali | 3.83 | B | 6.50 | 0.25 | 4.31 | SB | 10.00 | 0.43 |
| 2 | The prevailing loan interest rate | 3.94 | B | 8.50 | 0.33 | 4.17 | B | 7.75 | 0.32 |
| 3 | Inflation rate | 3.31 | S | 1.50 | 0.05 | 3.54 | B | 2.00 | 0.07 |
| 4 | The supportive attitude of the village members towards the LPD's existence | 4.20 | B | 11.50 | 0.48 | 4.43 | SB | 8.50 | 0.38 |
| 5 | The village member's productivity in agricultural business activities | 4.18 | B | 6.50 | 0.27 | 4.40 | SB | 5.50 | 0.24 |
| 6 | The village member's productivity in commerce activities | 3.94 | B | 4.50 | 0.18 | 4.17 | B | 3.50 | 0.15 |
| 7 | The village member's productivity in tourism activities | 3.83 | B | 3.50 | 0.13 | 3.97 | B | 6.25 | 0.25 |
| 8 | The village member's productivity in house business industry activities | 3.94 | B | 7.25 | 0.29 | 4.11 | B | 6.25 | 0.26 |
| 9 | The income level of the village members | 4.09 | B | 8.50 | 0.35 | 4.40 | SB | 9.25 | 0.41 |
| 10 | Culture/customs of the local people | 4.29 | SB | 8.50 | 0.36 | 4.29 | SB | 8.50 | 0.36 |
| 11 | Development in the number of Small, Micro, and Medium Enterprises (SMME) | 3.97 | B | 5.50 | 0.22 | 4.14 | B | 6.25 | 0.26 |
| 12 | Development in the number of micro-finance institutions (such as BPR and other equivalent institutions) | 3.63 | B | 2.50 | 0.09 | 3.97 | B | 2.75 | 0.11 |
| 13 | Bank credit | 4.09 | B | 5.50 | 0.22 | 4.20 | B | 4.25 | 0.18 |

| | | | | | | | | | |
|----|---------------------------------------|-------------|----|------------|-------------|-------------|----|------------|-------------|
| | distribution policies | | | | | | | | |
| 14 | LPD-related local government policies | 4.26 | SB | 10.50 | 0.45 | 4.40 | SB | 9.25 | 0.41 |
| 15 | Information technology development | 4.09 | B | 9.25 | 0.38 | 4.20 | B | 10.00 | 0.42 |
| | Overall Average Value | 3.97 | | 100 | 4.06 | 4.18 | | 100 | 4.24 |

Source: Processed primary data (2017) Description: B (Good), SB (Very Good)

Internal Strategic Factor Analysis

Just like the external strategic factors, the internal strategic factors are also analyzed in terms of two aspects, namely the importance level and the factor's condition related to the performance achievement of the LPD, may it be for the current time or even for future predictions (the next 3-5 years).

The research results of respondents' answers for the internal strategic factors can be seen from the average score of respondents' answers, which afterwards is ranked and the ranking results become the basis for weightage. The results of respondent's assessment for all the internal strategic factors are displayed in Table 4.

Table 4: The Importance Level of the Internal Strategic Factors towards the LPD's Current Performance and for Future Predictions

| No | Internal Strategic Factors | The Importance Level of the Internal Strategic Factors for the LPD's Performance | | | | | |
|----|---|--|-------------|----------------|---------------|-------------|----------------|
| | | Current Time | | | Future | | |
| | | Average Score | Description | Weight-age (%) | Average Score | Description | Weight-age (%) |
| 1 | The total amount of the distributed credit | 4.54 | SP | 5.25 | 4.80 | SP | 10.4 |
| 2 | The amount of funds collected from third parties (savings and deposits) | 4.60 | SP | 7.50 | 4.43 | SP | 2.3 |
| 3 | The LPD's credit interest level | 4.43 | SP | 4.25 | 4.71 | SP | 8.6 |
| 4 | Capital support from the Government | 4.63 | SP | 8.25 | 4.69 | SP | 7.7 |
| 5 | The LPD's service quality | 4.63 | SP | 8.25 | 4.77 | SP | 9.6 |
| 6 | Promotional support | 4.26 | SP | 2.50 | 4.63 | SP | 6.5 |
| 7 | Quantity and Quality of the human resources (HR) | 4.69 | SP | 10.00 | 4.80 | SP | 10.4 |
| 8 | Competence of the HR | 4.57 | SP | 6.25 | 4.57 | SP | 4.5 |
| 9 | Loyalty of the HR | 4.63 | SP | 8.25 | 4.57 | SP | 4.5 |
| 10 | Organizational Culture (LPD) | 4.46 | SP | 5.25 | 4.60 | SP | 5.6 |
| 11 | Commitment and competence of Managers | 4.66 | SP | 9.50 | 4.57 | SP | 4.5 |
| 12 | Commitment and competence of Supervisory Board | 4.60 | SP | 7.50 | 4.69 | SP | 7.7 |
| 13 | Information technology-based (IT) Office equipment support (administration and communication) | 4.63 | SP | 8.25 | 4.77 | SP | 9.6 |
| 14 | Comprehensive Accounting system | 4.40 | SP | 4.25 | 4.57 | SP | 3.6 |
| 15 | Decent buildings and infrastructures | 4.31 | SP | 3.25 | 4.54 | SP | 2.8 |
| 16 | Decent transportation vehicles | 4.11 | P | 1.50 | 4.31 | SP | 1.7 |
| | Total | | | 100 | | | 100 |

Source: Processed primary data 2017

From the data in Table 4, almost all internal strategic factors are identified and assessed by respondents as very important factors, in the current times and for future predictions. The factors viewed as most important are the

HR quantity and quality factor (score 4.69), and the commitment and competence of the managers (score 4.66). This shows that in facing the challenges or opportunities from the ever-changing external environment, the

HR factor holds an important role to sustain the LPD's continuity and to be able to compete.

This HR factor is related to the quantity and quality along with the competence and commitment of the LPD's management, which consists of the leader, administration staff and treasurer. By considering the internal strategic factors to make future predictions, the HR quantity and quality factor (score 4.80) and the amount of credit distributed by the LPD (score 4.80) are the most important factors for the LPD in achieving performance growth.

The assessment of the internal strategic factors condition and the respondent's assessment results, are conveyed in Table 5. From Table 5, the internal strategic factors condition is categorized as good (score 4,05). There is one internal factor that received a very good assessment, namely the amount of third party funds collected (savings and deposits) (score 4,29), which depicts the third parties' funds successfully collected by the LPD and is the capital that supports the LPD's performance achievement. The strategic factors that are also categorized as good are commitment and competence of the management (score 4.17), HR loyalty (score 4.11), organizational culture (LPD) (score 4.11), LPD's service quality (score 4.09), and

the HR quantity and quality (score 4.09). This value shows that the performance achievement of the LPD is supported by the commitment and competence of management in managing the LPD.

There are loyal HR in a good amount and quality. Furthermore, the LPD's operation is also supported by the LPD's conducive organizational culture, qualified service and has promotional support. By combining the conditions of each internal strategic factor with the weighted value, which has been analyzed in Table 4, the weighted value of internal strategic factors is 4.06. This also shows that the overall condition of the LPD's internal strategic factor is currently good enough in supporting the LPD's operations towards improvement in terms of performance achievement.

For the internal strategy factor condition in the future, the condition is predicted to be better (the overall average score is 4.28). The condition of the internal strategic factors has been multiplied by each of their weighted value, and the weighted value of the internal strategic factor is found to be 4.28, which is categorized as very good. This result shows that the overall condition of the internal strategic factor of the LPD in the future is very good (very good) in supporting the LPD's operation towards performance achievement.

Table 5: The Condition Level of the LPD's Internal Strategic Factors in the Current Time and for Future Predictions

| No | The LPD's Internal Strategic Factors | Current Condition | | | | LPD's Future Condition | | | |
|----|---|-------------------|-------------|----------------|----------------|------------------------|-------------|----------------|----------------|
| | | Average Score | Description | Weight-age (%) | Weighted value | Average Score | Description | Weight-age (%) | Weighted value |
| 1 | The total amount of the distributed credit | 3.91 | B | 5.25 | 0.21 | 4.29 | SB | 10.40 | 0.45 |
| 2 | The amount of funds collected from third parties (savings and deposits) | 4.29 | SB | 7.50 | 0.32 | 4.43 | SB | 2.30 | 0.10 |
| 3 | The LPD's credit interest level | 3.91 | B | 4.25 | 0.17 | 4.14 | B | 8.60 | 0.36 |
| 4 | Capital support from the Government | 3.91 | B | 8.25 | 0.32 | 4.14 | B | 7.70 | 0.32 |
| 5 | The LPD's service quality | 4.09 | B | 8.25 | 0.34 | 4.37 | SB | 9.60 | 0.42 |
| 6 | Promotional support | 4.09 | B | 2.50 | 0.10 | 4.17 | B | 6.50 | 0.27 |
| 7 | Quantity and Quality of the human resources (HR) | 4.09 | B | 10.00 | 0.41 | 4.26 | SB | 10.40 | 0.44 |
| 8 | Competence of the HR | 3.97 | B | 6.25 | 0.25 | 4.29 | SB | 4.50 | 0.19 |
| 9 | Loyalty of the HR | 4.11 | B | 8.25 | 0.34 | 4.34 | SB | 4.50 | 0.20 |
| 10 | Organizational Culture (LPD) | 4.11 | B | 5.25 | 0.22 | 4.26 | SB | 5.60 | 0.24 |
| 11 | Commitment and competence of Managers | 4.17 | B | 9.50 | 0.40 | 4.40 | SB | 4.50 | 0.20 |
| 12 | Commitment and competence of Supervisory Board | 4.06 | B | 7.50 | 0.30 | 4.34 | SB | 7.70 | 0.33 |
| 13 | Information technology-based (IT) Office equipment support (administration and communication) | 4.06 | B | 8.25 | 0.33 | 4.40 | SB | 9.60 | 0.42 |

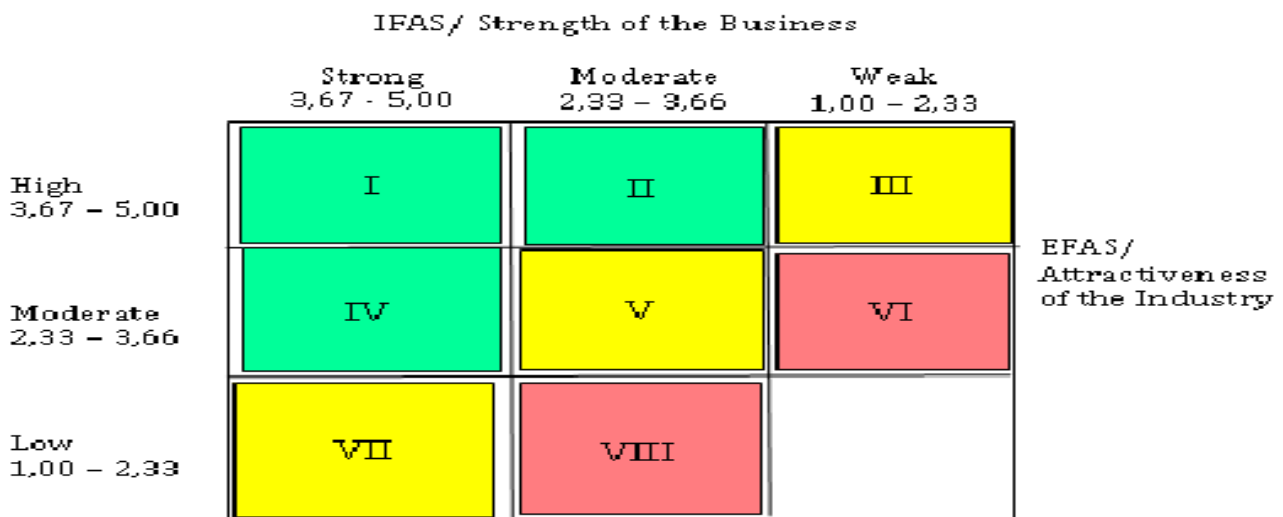
| | | | | | | | | | |
|--------|--------------------------------------|------|---|------|------|------|----|------|------|
| 1 4 | Comprehensive Accounting system | 3.91 | B | 4.25 | 0.17 | 4.23 | SB | 3.60 | 0.15 |
| 1 5 | Decent buildings and infrastructures | 4.06 | B | 3.25 | 0.13 | 4.20 | B | 2.80 | 0.12 |
| 1 6 | Decent transportation vehicles | 4.03 | B | 1.50 | 0.06 | 4.17 | B | 1.70 | 0.07 |
| | Overall average | 4.05 | | | | 4.06 | | 4.28 | |

Source: Processed primary data 2017

There are two internal factors predicted to be in a very good condition and is also viewed to be very important (greatest weightage), namely the amount of credit distributed (score 4.29, weightage 10.40) and the quantity and quality of the HR (score 4.26, weightage 10.40). This shows that the LPD's performance in Badung Regency is determined by the amount of credit distributed and the decent quantity and quality of the HR. Related to the main function of the LPD, this result is very logical, because the LPD's main business is distributing and compounding people's fund, specifically the village people. If the credit distributed is supported by HR with decent quality and quantity, the LPD will reach its maximum performance.

Analysis of the LPD's Strategic Position

In analyzing the LPD's strategic position, the internal external matrix (IE matrix) approach is used and is displayed in Picture 1 (David, 2016: 181). The internal external matrix (IE Matrix) is based on two key dimensions, the average weighted score of the internal strategic factor (internal factor analysis summary-IFAS) on the X-axis (vertical) and the average weighted score of the external strategic factor (external factor analysis summary-EFAS) on the Y-axis (horizontal). EFAS is classified into three categories, namely high, moderate and low, while IFAS is categorized into strong, moderate and weak. Based on the external and internal factor analysis results, which has been shown in the previous section, the strategic position of the LPD can be determined from the internal external matrix, which is displayed in Picture 1.



Picture 1: The LPD's Strategic Position on the IE Matrix

From Picture 1, the LPD's position, in the current time and in the future, is in cell I. This shows that the LPD is in an external environment with a high attractiveness or high opportunity and business strength or strong competitiveness. A suitable strategy for this position is the growth and development strategy by conducting an intensive strategy through market penetration, market development, and product development.

Analysis on the Human Resource (HR) Empowerment Model for the LPD

The LPD's strategic position in the IE matrix in cell I means that the LPD of Badung Regency have great opportunities to grow and develop. A suitable strategy to be implemented is the intensive strategy, which consists of 3 types, namely: market penetration strategy, market development strategy, and product development strategy.

The market penetration strategy is conducted by penetrating the available potential markets, such as the village members, may they be entrepreneurs, farmers, artisans, or in other house industry businesses, which

have not fully utilize the LPD in fulfilling their financial needs or other services offered by the LPD. Related to this, the LPD may penetrate the potential market through intensive marketing efforts, such as implementing direct marketing efforts, providing incentives for active clients, promoting products offered directly to houses, etc.

The market development strategy is conducted by changing the culture or influencing the village members that have not yet become the LPD's client, attracting customers from competitors, such as from BPR, saving and loan cooperatives, or banks. If the strategy is conducted well, the income of the LPD will surely increase.

The product development strategy can be conducted by developing or modifying the currently available products and offering new products, such as ceremony savings, education savings, pension funds and other services. The currently available products can be modified by providing rewards, such as bonuses or attractive souvenirs for active clients. To be able to implement these strategies, competent, committed, and highly motivated human resources (HR) are needed to develop the LPD. For this cause, the HR empowerment is very important. Empowerment in this case is the improvement of capacity and individual ability, in order to understand and perform the strategies intensively and continuously.

The strengthening of the capacities encompasses the capacity of each individual, namely employees, management, the supervisory board of the LPD and the village members as the owner of the LPD who have not fully understood well regarding the existence of the LPD. By empowering the HR, the organizational capacity (organization and behavioral values), networking capacity with other institutions and interaction with a wider system can be actualized. The HR (the LPD management, supervisory board, and employees) empowerment model is recommended in order to successfully implement the strategies continuously by strengthening individual capacities.

Development of individual capacities is the effort to improve and develop the personal characteristic qualities to be more effective and efficient in performing tasks. The

personal capacity development encompasses the development of personality capacity, work capacity, and professionalism capacity. The types of development are discussed as follows.

- Personality capacity development is related to the overall behavior, especially communication skills, which encompasses the style of speech, oral and body language, usage of media/communication devices in which must be adjusted to the characteristics of the receiver/communicant, and the time and place.
- Work capacity development is related to the ability to perform tasks and develop careers, through trainings and guidance regarding communication skills, interpersonal relationships, work culture, teamwork, interdependency, network development skills and professional behavior (discipline, hard work, and others).
- Professionalism capacity development is related to all forms of behaviors needed in performing tasks, including work-related technical knowledge, entrepreneurship attitude, and managerial skills.

Conclusion

From the discussions of the research results, it can be concluded that the HR empowerment model recommended for the LPD to sustain its existence and to be more prepared to compete sustainably is the empowerment model which strengthens the individual capacity through training programs to improve or develop the individual characteristics quality of the management, supervisory board and employees of the LPD to be more effective and efficient in performing their tasks. The individual capacity development encompasses the personality capacity, work capacity, and professional capacity.

Limitations

This research is only at the development stage of the HR empowerment model. For future studies, it is important to implement the HR empowerment program on the LPDs in Bali. This can be done through training programs, by developing training materials (curriculum) and modules as training materials, among others marketing module, finance module, accounting module, auditing module (for the supervisory board of the

LPD), entrepreneurship module, leadership module specifically for the management of the LPD, and the communication skills module. Other researchers may try to

implement this research model on other equivalent business fields, such as cooperatives, micro businesses or house businesses and small businesses.

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