Analysis of Employee Performance Improvement Strategies of Rural Bank Through Sustainable Development Goals

Fauzan Muttaqien
Management Major
Institut Teknologi dan Bisnis Widya Gama
Lumajang
Lumajang, Indonesia
fauzanmuttaqien99@gmail.com

Via Lailatur Rizki
Management Major
Institut Teknologi dan Bisnis Widya Gama
Lumajang
Lumajang, Indonesia
viaialailaturrizki@gmail.com

Imam Abrori
Management Major
Institut Teknologi dan Bisnis Widya Gama
Lumajang
Lumajang, Indonesia
Ari.abrori@gmail.com

Abstract: Sustainable Development Goals (SDGs) are a global responsibility for every country, aiming to address discontinuities in social, economic, and environmental development. In Indonesia, the implementation of SDGs involves government agencies, organizations, and the private sector. People’s credit banks, specifically rural banks, play a vital role in supporting SDG implementation due to their proximity to communities and personalized services to micro, small, and medium-sized enterprises (MSMEs). To enhance the success of these banks, strategies to improve employee performance are crucial. This aligns with SDGs by fostering sustainable financial development through employee performance. This research employs qualitative descriptions to underline the importance of SDGs in shaping strategies. The approach used involves setting clear goals (ends), aligning education and training programs (ways) with SDG principles, and ensuring that human resources are adequately empowered (means). This empowers employees to contribute to community economic growth through strong industrial relations in financial institutions, thus fulfilling the SDG mission.

Keywords: Strategy, Sustainable Development, Rural Banks

I. INTRODUCTION

Sustainable development is a future development paradigm expected by nations in the world to realize sustainable social welfare. Sustainable development contains 3 (three) main issues, namely; green economy in the context of sustainable development and poverty alleviation; development of an institutional framework for sustainable development; action framework and instruments for implementing sustainable development. In contrast to the MDG’s which are aimed only at developing countries, the SDG’s have more universal targets. SDG’s were presented to replace MDG’s with goals that better meet the challenges of the world’s future. For this reason, the government is aligning goals and targets to achieve the implementation of sustainable development targets with the national development agenda, both in medium national development plan and the long-term national development plan. The goal of sustainable development is to maintain a continuous increase in the economic welfare of the community, maintain the sustainability of the social life, maintain the quality of the environment, as well as inclusive development and the implementation of governance that is able to maintain the improvement in the quality of life between generations.

Achieving a sustainable national economy requires support from a financial system that can prevent funding or investment practices in business activities that are inefficient in using resources, social inequality and business practices that result in environmental damage. The financial system must apply sustainable principles that are able to create economic, social and ecological value through models, processes and practices that are fair at the level of policy making and business decisions, so as to be able to create conducive financial system stability in the long term while still contributing to achieving goals.

Human resource development as a subsystem of human resource management is related to various other scientific disciplines such as psychology and organizational behavior so it has high complexity. The function of human resource development in an organization is at the heart of continuously increasing employee competency. Therefore, an HR-based organizational strategic approach is an effort to improve sustainable performance at all levels of management in the organization. Both at the individual, group and organizational levels [1].

Rural Banks as a financial service institution are obliged to support government programs in implementing SDG’s. This can be implemented by applying the principles of sustainable finance as a form of real commitment by providing funding sources to mitigate and adapt to climate change. The contribution of human capital management is realized in efforts to manage skilled, motivated and highly committed human resources to the organization in a more measurable manner. Bearing in mind that every organization has an interest in making employees more skilled, committed and motivated, so that it has an impact on individual and company performance [2].

From a social psychology perspective, the current life paradigm has demanded a change from material or physical asset competition towards knowledge-based competition where the Human Resources perspective...
plays a central role in building a company’s competitive advantage [3]. Human resource development has become the main stream in planning development strategies in governments, corporations and organizations. The choice of strategy with an approach to improving HR performance was implemented to accelerate economic growth needed to improve people's welfare [4]. Human resource development is an important factor in winning global competition, which has the consequence of increasingly tight competition amidst world uncertainty, therefore companies must prepare strategic steps with full support from all stakeholders [5]. The results of research by the RBL Group team show the evolution of the role of HRM competencies as seen in the following table:

**TABLE 1. HRM ROLE EVOLUTION TABLE (EVOLUTION OF HR ROLES)**

<table>
<thead>
<tr>
<th>Late 1990s</th>
<th>Late 2000s</th>
<th>Evolution of Thought</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Employee Champion</strong></td>
<td><strong>Employee Advocate Human Capital Developer</strong></td>
<td>- Employees become assets for the success of the organization.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- The role of employee advocacy is a major concern.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Human Capital Developers focus on preparing employees for the future.</td>
</tr>
<tr>
<td><strong>Administrative Expert</strong></td>
<td><strong>Functional Expert</strong></td>
<td>- HR practices are central to creating HR value.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- HR practices with administrative efficiency (e.g. use of electronic technology) through menus and technological interventions that expand the role of functional experts.</td>
</tr>
<tr>
<td><strong>Agent of Change</strong></td>
<td><strong>Strategic Partners</strong></td>
<td>Become a strategic partner by having business experts, change agents, knowledge managers and consultants.</td>
</tr>
<tr>
<td><strong>Strategic Partners</strong></td>
<td><strong>Strategic Partner</strong></td>
<td>HR insight is expanded to include dimensions related to the strategic partner function or change agent role.</td>
</tr>
<tr>
<td><strong>Leadership</strong></td>
<td></td>
<td>- The four roles above are identical to the Leadership Process.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- HR Leaders must have implications for leading the HR function, integrating with other functions, understanding business governance, and being aware of community monitoring.</td>
</tr>
</tbody>
</table>

*Source: Ulrich (2010)*

Among the strategic steps that can be built are strategies that are able to create mathematical equations from goals (ends), ways/methods/concepts (ways), and resources (means). The concept of ends, ways, means was coined by Arthur F. Lykke Jr., in his paper entitled "Defining Military Strategy (1989)" which stated that the three-legged stool balance strategy where the three legs must be really sturdy and equally strong so that the strategy carried out can be achieved. Perfect. A balanced strategy with minimal risk if the paths taken (ways) are reasonable and equipped with sufficient resources (means) to achieve company goals (ends). On the other hand, if one of the means and ways legs is too short or the ends leg is too long (unrealistic), then the strategy will not reach a balance point and contains high risks. Arthur F. Lykke's three-legged stool balance concept can certainly be adopted for the banking sector, especially rural banks. To improve HR performance, they must have realistic goals, appropriate methods and adequate resources [6].

Referring to the government's strategic program which emphasizes that "HR development will be a top priority to become hard-working, dynamic human resources, skilled, and master of science and technology"[7]. Therefore, the government's strategic program in the field of HR which focuses on SDG's towards strategic organizations, corporations and including financial entities can stimulate the achievement of superior and competitive employee performance. One of the basic things that financial entities can do in building human resources is by improving the quality of education. Education is the initial foundation for an individual in equipping himself with knowledge and building a person with character. If someone has knowledge, knowledge and good character, then that person can do positive things for themselves and their nation, thereby supporting the process of sustainable development Goals.

HR competency is the main characteristic that a person has as a stimulus in achieving individual performance, which includes aspects of knowledge, skills and work attitudes needed to achieve success in the activities they undertake [8]. Competent human resources will have the potential to help the nation and state in realizing the national ideals contained in the constitution, namely protecting the entire Indonesian nation and all of Indonesia's blood, advancing general welfare, making the life of the nation intelligent and participating in implementing world order based on freedom, eternal peace and social justice [9].

Strategy according to Liddle-Hart (1967) is "the art of distributing and applying military means to fulfill the ends of policy". Strategy is an art or skill that distributes and uses (ways), military means (means), and to realize goals (ends). Rural Banks management needs to plan programs aimed at increasing employee loyalty to the institution, as well as assisting in preparing personnel as agents of change by adopting sustainable development goals. Program planning for implementing activities related to SDG’s needs to be adjusted to the development direction that has been stated in the bank's business plan in the field of human resource development.

Based on these problems, as a form of management responsibility, the process of implementing strategies to
improve the performance of rural bank employees can be implemented through thematic education and training through targeted and sustainable educational planning that is educative and innovative, packed with technological sophistication and reinforced by discussion of global development issues and sustainable development goals (SDG’s). On the practical side of business and public organizations, HR policies are not just HR rules as organizational policies or efforts to comply with applicable labor laws, but competence is a dynamic interaction and close relationship of ongoing complex situations [10].

Based on the description above, the author conducted research with the title "Analysis of Strategies for Improving Rural Bank Employee Performance Through Sustainable Development Goals". The formulation of this research problem aims to explore the complex factors that surround the phenomenon and present a variety of meanings or perspectives from informants, namely how to analyze strategies for improving rural bank employee performance through sustainable development goals, and what are the factors that influence strategies for improving employee performance through the Sustainable Development Goals.

The purposes of this research is analyzing strategies for improving rural bank employee performance through sustainable development goals using strategic theory indicators, namely ends, ways and means, and analyzing the factors that influence rural bank employee performance improvement strategies through sustainable development goals with an approach to organizational culture, organizational structure and organizational resources.

II. LITERATURE REVIEW

Management Strategy

According to Syafrudin the definition of strategic management is a way to guide a company in achieving a number of targets [11]. These targets can be in the form of company or corporate values and responsibilities, administrative systems related to taking operational and strategic steps or decisions at a number of hierarchical levels, to managerial capabilities. In general, the definition of strategic management is a series of fundamental actions and decisions made by top management and applied by all members of an organization. The goal is to achieve and realize the company's vision, mission and goals. Both the highest management, other levels of management and operational departments have their own roles and duties in carrying out strategic management. All components within the company are required to participate in preparing, controlling and implementing agreed decisions. That way, the goals you want to achieve can finally be achieved.

According to Adam strategy is defined as a plan that contains comprehensive and interactive methods that can be used as a guide to work, struggle and act in order to win the competition [12]. Basically, what is meant by strategy. Strategic management is a large-scale plan that is oriented towards the far future and is determined in such a way as to enable the organization to interact effectively with its environment in competitive conditions, all of which are directed at optimizing the achievement of various goals and objectives. the target in question [12].

Strategy is an important thing that an organization must have and is created to make it easier for the organization to determine management steps to achieve organizational goals [13]. In this research, the strategy indicators used are:

1. Ends is the process of determining a goal to be achieved in implementing the strategy. The Ends component in strategy includes goals, objectives, objects and targets. The ends indicator, namely SDG's, can be used as an instrument in implementing rural banks governance where the direction of building sustainable finance in society can be adjusted to the perspective of achieving SDG's. Another goal that rural banks management hopes for financial inclusion is that rural banks can demonstrate the quality of human resources that are able to contribute, be adaptive and integrated in supporting the implementation of government programs on a national and global scale through education and training programs.

2. Ways is a process for formulating the methods that will be taken in planning strategy. Ways are implemented by determining how to act, creating concepts, and determining methods in the process of achieving goals. The results of research related to indicators of ways of how rural banks management implements governance that is correlative with sustainable development strategies (SDG's) both long term, medium term and short term.

3. Means is a process for determining the means that will be used to achieve the strategy. The implementation of means is supported through means, strength, resources and potential. The research results related to the means indicators are what rural banks facilities and infrastructure are to improve employee performance.

The next stage of this research analysis process is to analyze the derivative factors that influence the SDG’s as a strategy for improving the performance of rural banks employees which includes organizational culture, organizational structure and organizational resources.

Organizational culture

Organizational culture is a system of values and beliefs shared by all personnel in the organizational structure and supervision system to produce norms of attitudes and behavior in carrying out organizational governance [14]. Rural banks organizational culture can support the improvement of employee and company performance and can correlatively strengthen the government's success in implementing the SDG’s through commitment and implementation of planned, programmed education and training to build employee competency optimally. Organizational culture also plays a role in influencing employee performance. Organizational culture is a system of values, norms and beliefs agreed upon by all elements of the company as a guide for its members in behaving and acting. Organizational culture acts as a driver of motivation and increases the enthusiasm of its members in doing their work. Organizational culture is a basic principle of an organization [8]. Kiky & Adiputra
research states that work culture significantly influences employee performance [15]. Meanwhile, Malantuny stated that employee performance is not influenced by work culture factors [16].

Organizational Structure

Organizational structure is a formal framework that an organization must have, which contains job descriptions for each work unit and there are lines of instruction and lines of coordination [17]. In the rural banks organizational structure, what is related to support in the process of achieving the SDGs program is the leadership perspective. Employee performance is influenced by leadership factors that are ingrained in the organization. Motivation is one of the success factors in achieving performance in accordance with the agency's operational strategy objectives because motivation can also be said to be energy to generate performance drive within each employee [2].

Organizational Resources

Organizational resources are all assets owned by an organization or company as a means of achieving its vision, mission and goals [18]. Rural banks organizational resources include financial and non-financial assets.

III. METHODS

This research uses a qualitative descriptive research method with a post-positivism paradigm, using subjective thinking. This research is intended to describe the actual situation based on facts, events and secondary data, then the data is processed, analyzed and processed on a theoretical basis and used as discussion material to produce the best conclusions and suggestions for rural bank management.

IV. DISCUSSION

Sustainable Development Goals, known as sustainable development goals, are a series of goals created by the United Nations as a guide for all member countries to achieve sustainable development. For sustainable development to be achieved, it is important to align three core elements, namely economic growth, social inclusion and environmental protection. These elements are interrelated and are all very important for the well-being of individuals and society. In Indonesia, five pillars of sustainable development should be implemented, namely social, economic, ecological, environmental institutions and law enforcement. In this research, it has been explained that improving the performance of BPR employees can be carried out through strategies that are correlative with the implementation of sustainable development goals, namely by using ends, ways and means indicators [6].

The results of the analysis of strategies for improving rural banks employee performance through sustainable development goals using ends, ways and means indicators can be explained as follows:

a. Ends

Maretha & Purwaningsih explain that human development in sustainable development plays a fundamental role not only in terms of health, but also fulfilling basic needs and building capabilities [19]. In building rural banks human resource capabilities, there needs to be a fundamental transformation of human responsibility towards a sustainable economy in line with the principles of human development in the SDG’s, namely ensuring human welfare by prioritizing a sense of responsibility, playing an active role in preserving the natural environment and carrying out social and economic activities responsibly without destroying nature and everything in it (green economy).

In rural banks governance, education and training are strategies for forming values and skills in an effort to form personalities and people with character. So that planned education and training activities can result in the development of human resources for rural banks employees who are performance-oriented based on spiritual, intellectual, skills and self-resilience from tendencies to contain deviations.

The ultimate goal of the implementation of planned and programmed education and training is to lead to the SDG’s, namely "human well-being" or human prosperity to support, support and sustain human life today and future generations.

Ways

Implementation of education and training as a strategy to improve the performance of rural banks employees which can be linked to the SDG's goal is that all employees have the responsibility to seriously carry out their obligations to the Unitary State of the Republic of Indonesia in terms of implementing the values of Pancasila and the 1945 Constitution completely and consistently. This is the basis that the education and training process for rural banks employees is obliged to adopt SDG's activities to attract interest and enthusiasm to become energetic, creative, innovative, dynamic and productive employees so that they are able to become people who are beneficial to fellow humans and the organization. This is supported by the research results of Sahanggagamu, Patricia M; Mandey stated that the development and demands of today's technological knowledge need to be used as the main reference in developing education and training curricula. Educating the HR education and training curriculum through the SDG’s can be done by using the SDG’s as a reference in designing competencies and materials, and making each goal of the SDG’s into a training program curriculum within the company so that indicators of employee competency achievement can be measured [20].

Means

The implementation of the means in the process of improving the performance of rural banks employees is by increasing the capacity of superior, quality and characterful human resources for all personnel and work units. Planning education and training programs by including indicators of SDG achievement can be done through the Indonesian National Work Competency Certification test, foreign language courses, involving families.

Organizational culture

Rural banks organizations are micro, small and medium financial entity organizations that have an organizational culture that implements an effective, interactive and progressive communication model.
Effective means that communication must be carried out because there are industrial relations, both between colleagues and with rural banks stakeholders. Interactive is intended so that the communication system is able to provide detailed understanding between the parties involved in the dynamics of financial companies. Progressive means that communication is needed so that there is a transfer of detailed information and knowledge that can be understood by all parties, so that it can reduce the risk of internal and external conflict. This is in line with the explanation of Kiky & Adiputra regarding the view that management science towards human resources is used to create policies related to HR management that are integrated in accordance with strategic business planning, strengthening appropriate organizational culture, shaping HR into a source of competitive advantage (capability). The aim of governance and management innovation carried out by rural banks is in line with management's views, one of which is to strengthen organizational culture so that it is in line with developments over time [21].

The research results of Muttaqien explain the connection and involvement of organizational components as a form of cooperation in an organization is formed through a strong organizational culture [2].

### Organizational Structure

Rural banks as a financial entity is required to be sustainable so that it can become an economic and financial solution, especially in the micro and small sectors. For this reason, BPR has rules for determining the management structure of financial business organizations. The research results of Ikromuddin & Muttaqien state that an agency/institution has an important organizational structure as a form of describing a series (coordination) of activities directed at achieving targets [22]. This is in line with the results of this research, which explains that organizational structure is an important thing that BPR needs to have, because organizational structure can describe tasks, functions and authority to coordinate with each other in the process of achieving the SDG’s. The most important organizational structure in the process of achieving the SDGs program is the organizational leader. Leadership is the basis for commitment to achieving the SDG’s. The leader's strength can be a weapon for movement for other structures.

### Organizational Resources

Organizational resources are the driving force for organizational success in carrying out organizational dynamics. In rural banks organizations, human resources who play a role in the process of improving company performance are employees at the director level, executive officers and staff. In order to support the implementation of education and training programs in rural banks, the board of directors will try to manage organizational resources optimally and sustainably with strategies related to supporting the achievement of the government's SDG’s program. Organizational resources in rural banks can be described in the form of physical resources, including buildings, movable and immovable assets, human resources, goodwill. These assets are the main and supporting resources that rural banks has as facilities and infrastructure in carrying out bank business processes.

V. CONCLUSIONS AND RECOMMENDATIONS

This research has the limitation that the researcher focuses on strategy analysis using ends, ways and means, equipped with factors that support strategy implementation, namely using indicators of organizational culture, organizational structure and organizational resources. The conclusions in this research are the strategy for improving the performance of rural banks employees through sustainable development goals is to implement derivatives of the strategic theory of ends (goals), ways (methods) and means (facilities and infrastructure). Ends as the final goal of implementing the strategy through education and training based on SDG’s, namely the formation and development of employee character in carrying out duties, functions and authority in rural banks, having the skills and self-resilience to avoid deviations. The way that rural banks uses to improve performance through SDG’s is to increase employee competency through competency tests. Create a roadmap by including SDG’s programs with programs that will be implemented, both long term, medium term and short term in rural banks employee education and training programs, able to answer the challenges of the times to produce new leaders. The means used by rural banks management in improving employee performance through sustainable development goal strategies are increasing human resource capacity through adult education and training processes, foreign language courses, and leadership training at various levels of decision making.

Factors that influence the strategy in the strategy to improve rural banks employee performance through sustainable development goals are organizational culture, organizational structure and organizational resources. Rural banks organizational culture is to implement an effective, interactive and progressive communication model. The organizational structure of rural banks in supporting the implementation of strategies to improve the performance of rural banks employees through the SDG’s program is the division of tasks and authority, which then includes work units that coordinate with each other in the process of implementing SDG’s. Rural banks organizational resources that play a role in the process of implementing strategies to improve employee performance through SDG’s are financial and non-financial assets, availability of human resources, rural banks facilities and infrastructure, expertise, and leadership.

RECOMMENDATIONS

In order to improve the performance of rural banks employees through sustainable development goals, it is necessary to provide a planned education and training curriculum for rural banks employees that adapts to SDG’s. Implement activity programs optimally in accordance with the bank's business plan which supports the development of rural banks human resources in order to improve business and individual employee performance.
Rural banks must utilize and develop an organizational culture to deeply integrate attitudes and behavioral values amidst the differences in human resource characteristics within each work unit in order to create loyalty, a sense of belonging and a spirit of collaboration in making the bank's business plan a success towards becoming a viable financial entity. sustainable.

Future academics or researchers are advised to increase relevant variables and indicators using quantitative methods.

REFERENCES

http://proceedings.itbwigalamajang.ac.id/index.php/progress%50APendampingan


https://ukinstitute.org/journals/ib/article/view/287


https://ejournal.iaisyarifuddin.ac.id/index.php/iqtishoduna/article/view/5


https://www.mkri.id/public/content/infoumum/regulation/pdf/UUD45 ASLI.pdf


https://journal.untar.ac.id/index.php/JMDK/article/view/11880/7498


