



Strategic People Management Challenges in the Implementation of the Red and White Village Cooperative Program in Indonesia

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Abstract

The Red and White Village Cooperative Program represents a major national initiative designed to strengthen rural economic institutions and promote inclusive local development in Indonesia. The rapid establishment of village cooperatives across the country has generated complex organizational challenges related to human resource readiness, governance arrangements, and institutional coordination. This study examines these challenges through the analytical perspective of strategic people management. An empirical qualitative design was employed using secondary data derived from policy documents, institutional reports, and scholarly analyses concerning the implementation of village cooperatives. The data were analyzed through qualitative content analysis to identify patterns associated with human capital capacity, participatory governance, and organizational alignment within cooperative institutions. The findings indicate that limitations in managerial competence, uneven participation structures, and fragmented coordination among rural economic institutions significantly influence program sustainability. Strengthening leadership capacity, developing participatory governance mechanisms, and improving policy alignment with local economic ecosystems are essential for ensuring effective cooperative management. The study contributes to the literature by highlighting the strategic role of human-centered institutional management in supporting sustainable rural cooperative development.

Keywords: Strategic People Management, Village Cooperatives, Rural Governance, Institutional Capacity, Indonesia.



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INTRODUCTION

The contemporary discourse on rural economic development increasingly recognizes community-based institutions as strategic instruments for strengthening inclusive growth, enhancing local resilience, and reducing structural inequalities between urban and rural regions. Across many developing economies, cooperative organizations have re-emerged as institutional mechanisms capable of mobilizing collective resources, democratizing economic participation, and stabilizing local production systems in volatile market environments (Birchall, 2013). Within this evolving global landscape, the integration of strategic human resource management into cooperative governance has become a central concern, as organizational sustainability increasingly depends not only on financial capital but also on the strategic alignment of human capabilities, leadership structures, and participatory decision-making processes (Armstrong, 2024; Boxall & Purcell, 2016). Indonesia's recent policy initiative, the Red and White Village Cooperative Program (Koperasi Desa Merah Putih), represents one of the most ambitious cooperative expansion agendas in the world, targeting the establishment of approximately 80,000 village-based economic institutions aimed at strengthening local production networks, expanding financial inclusion, and reinforcing grassroots economic governance. Policy analyses emphasize that the program reflects a broader national development strategy seeking to institutionalize cooperative-based rural transformation while simultaneously addressing persistent disparities in regional economic capacity (Effendi et al., 2025).

Existing scholarly investigations into cooperative development provide valuable insights into the organizational dynamics that shape the success or failure of community-based economic institutions. Research on cooperative sustainability demonstrates that strategic management practices, particularly those related to leadership capability, managerial competence, and participatory governance, significantly influence organizational performance and long-term resilience (Agussalim & Achmad, 2025). Studies examining sectoral diversification strategies in rural cooperatives further highlight the importance of adaptive organizational capabilities, showing that cooperatives able to integrate market innovation with community participation are more likely to sustain economic viability in competitive

environments (Almeida et al., 2023). Complementary research on cooperative management practices indicates that effective institutional performance often depends on the integration of transparent governance mechanisms, professional managerial structures, and inclusive member engagement, which collectively shape the institutional legitimacy of cooperatives within local communities (Attolba-Aquino & Castañeda, 2025). This body of literature converges on a central analytical insight: the sustainability of cooperative institutions cannot be understood solely through economic metrics but must also be examined through the strategic management of human and organizational resources.

Despite the expanding body of research on cooperative governance and rural institutional development, significant conceptual and empirical gaps remain within the literature, particularly regarding the role of strategic people management in large-scale state-driven cooperative initiatives. Much of the existing scholarship has focused either on the financial resilience of cooperatives or on sector-specific case studies, leaving limited analytical attention to the complex interactions between human capital capacity, policy-driven institutional expansion, and local governance structures. The rapid proliferation of cooperatives through government intervention introduces organizational pressures that differ substantially from organically developed cooperative systems, including challenges related to managerial readiness, bureaucratic coordination, and the alignment of local participation with national policy objectives. Within this context, the Indonesian Red and White Village Cooperative Program represents a unique institutional experiment in which cooperative expansion is implemented simultaneously across thousands of rural communities, generating governance complexities that extend beyond the analytical scope of traditional cooperative management models discussed in prior literature (Effendi et al., 2025; Agussalim & Achmad, 2025).

The persistence of these unresolved issues raises critical questions regarding the readiness of human resources, governance frameworks, and participatory mechanisms required to sustain large-scale cooperative development initiatives. Strategic human resource management literature consistently emphasizes that organizational effectiveness depends on the alignment between human capital capabilities, institutional strategy, and operational structures (Armstrong, 2024; Boxall & Purcell, 2016). When cooperative institutions expand rapidly without proportional investments in managerial competence, leadership development, and participatory governance systems, institutional fragility may emerge in the form of weak accountability structures, limited member engagement, and inefficient resource management. Empirical observations of cooperative programs in various contexts indicate that institutional sustainability is strongly influenced by the capacity of organizational actors—administrators, community leaders, and cooperative members—to collectively interpret policy objectives and translate them into locally relevant governance practices (Attolba-Aquino & Castañeda, 2025). The scale and policy-driven nature of the Red and White Village Cooperative Program intensify these challenges, making the examination of strategic people management dynamics particularly crucial for understanding how such initiatives function in practice.

Positioning the present study within this scholarly landscape requires a conceptual shift from viewing cooperative development purely as an economic intervention toward analyzing it as a complex organizational process shaped by human resource capabilities, participatory governance structures, and institutional alignment across multiple levels of administration. While previous studies have examined cooperative sustainability from financial, managerial, or sectoral perspectives, relatively limited research has explored how strategic people management frameworks can illuminate the governance challenges associated with large-scale rural cooperative programs. Addressing this gap demands an analytical approach that integrates insights from strategic human resource management with policy implementation studies and cooperative governance research. Such integration enables a deeper understanding of how human capital capacity, organizational strategy, and community participation interact within the institutional architecture of rural development initiatives.

This study aims to analyze the strategic people management challenges encountered in the implementation of the Red and White Village Cooperative Program in Indonesia by focusing on three key dimensions: human capital capacity, participatory governance, and strategic organizational alignment. Employing a qualitative descriptive research approach, the research seeks to explore how these dimensions shape the effectiveness and sustainability of village cooperatives across diverse rural contexts. The study contributes to the literature by advancing a conceptual understanding of cooperative development as a human-centered institutional process and by providing empirical insights into the governance dynamics of large-scale rural economic programs. Through this analytical framework, the

research also offers methodological contributions by demonstrating how qualitative policy analysis can illuminate the complex interactions between national development strategies and local organizational realities within community-based economic institutions.

RESEARCH METHOD

This study adopts an empirical qualitative research design aimed at examining the strategic people management challenges emerging in the implementation of the Red and White Village Cooperative Program in Indonesia. A qualitative descriptive approach was selected because the phenomenon under investigation involves complex institutional dynamics, governance processes, and human resource capacities that cannot be adequately captured through purely quantitative indicators. The research relies primarily on secondary empirical data derived from policy documents, government reports, academic publications, and institutional analyses related to the establishment and governance of village cooperatives across Indonesia. These sources include national policy frameworks, program implementation guidelines, and analytical reports produced by governmental and research institutions examining the development of the Red and White Village Cooperative Program. Data selection followed purposive criteria emphasizing relevance to three analytical dimensions central to the research framework: human capital capacity, participatory governance, and strategic organizational alignment. The use of documentary and policy-based empirical evidence enables the study to investigate the institutional context of the program while maintaining analytical focus on strategic people management issues embedded in cooperative development policies.

The analytical procedure employed a qualitative content analysis framework guided by Strategic People Management theory, which emphasizes the alignment between human resource strategies, organizational capabilities, and institutional objectives. The analytical process consisted of several stages, including systematic document coding, thematic categorization, and interpretive synthesis. Initially, policy and institutional documents were reviewed to identify references related to human resource readiness, governance participation mechanisms, and organizational coordination structures within the cooperative program. These data segments were subsequently coded into thematic categories corresponding to the study's analytical framework, allowing patterns and structural challenges to be interpreted within broader policy implementation dynamics. To enhance analytical rigor, the study applied methodological triangulation by comparing findings across multiple types of documentary sources, including policy analyses, academic literature, and institutional reports. Analytical credibility was strengthened through iterative interpretation and cross-source verification to minimize interpretive bias. Ethical considerations were addressed by ensuring that all data sources used in the study were publicly accessible documents and scholarly publications, thereby eliminating risks associated with personal data disclosure while maintaining transparency and academic integrity throughout the research process.

RESULT AND DISCUSSION

Human Capital Capacity in the Implementation of Village Cooperatives

The qualitative content analysis of policy documents and institutional reports indicates that human capital capacity constitutes one of the most decisive variables shaping the effectiveness of the Red and White Village Cooperative Program. Administrative readiness among cooperative managers frequently appears uneven across rural regions, particularly in areas with limited exposure to formal organizational management practices. Strategic people management literature highlights that organizational performance in community-based institutions depends on the ability to align human competencies with institutional goals and operational demands (Armstrong, 2024). Evidence derived from program implementation reports also suggests that managerial capability strongly influences the ability of cooperatives to coordinate production activities, maintain financial accountability, and sustain community engagement.

Documentary evidence further demonstrates that the establishment of village cooperatives often precedes systematic managerial preparation among local administrators. Government policy frameworks emphasize rapid institutional expansion as a central component of rural economic strategy, yet the availability of trained cooperative leaders remains uneven across districts. Research on cooperative sustainability notes that institutional effectiveness is closely associated with leadership competence and administrative professionalism (Agussalim & Achmad, 2025). Observations within

several policy reports indicate that local leaders frequently rely on informal governance practices when professional management structures are absent.

A deeper analysis of implementation documents reveals that many cooperative administrators enter their roles with limited training in strategic planning, financial governance, and participatory leadership. Institutional capacity constraints of this nature have implications for organizational learning processes within rural cooperatives. Human resource management theory emphasizes that capability development requires structured training systems and continuous professional development opportunities (Boxall & Purcell, 2016). Without such institutional support mechanisms, cooperative organizations often struggle to translate policy mandates into operational strategies.

The challenge of human capital readiness becomes particularly visible when examining the rapid scale of cooperative expansion planned under the national program. Policy analyses indicate that the target of establishing tens of thousands of village cooperatives requires a large pool of administrators capable of managing community-based economic institutions. Institutional economics literature stresses that organizational sustainability depends heavily on the quality of governance actors who implement institutional rules and norms (North, 1990). In contexts where leadership capacity remains limited, the institutional framework alone cannot guarantee effective implementation.

Qualitative coding of government reports also reveals significant variation in training initiatives designed to support cooperative administrators. Several provinces have implemented capacity-building programs focusing on financial literacy, organizational governance, and cooperative management practices. Evidence from community-based economic programs indicates that training interventions can significantly strengthen local institutional capacity when aligned with community participation structures (Sulistyanto et al., 2025). The uneven distribution of such training programs contributes to disparities in cooperative performance across regions.

Table 1. Human Capital Capacity Indicators in the Implementation of the Red and White Village Cooperative Program

Indicator	Description of Institutional Condition	Strategic Implication
Managerial Competence	Variation in administrative skills among cooperative managers	Influences operational effectiveness and financial governance
Training Availability	Uneven access to cooperative management training	Affects organizational learning capacity
Digital Literacy	Limited technological capability in rural management systems	Constrains data management and transparency
Community Leadership	Dependence on informal village leadership structures	Shapes participatory governance dynamics
Institutional Support	Limited mentoring and advisory mechanisms	Reduces policy implementation effectiveness

Source: Synthesized from policy documents and institutional reports (Effendi et al., 2025, Wahid & Khoiri, 2025).

The data summarized in Table 1 highlight structural gaps in human capital development within the cooperative program. Managerial competence remains uneven due to differences in local administrative experience and access to training resources. Research on rural institutional development indicates that leadership quality strongly influences the sustainability of cooperative organizations (Birchall, 2013). Strengthening human capital development programs thus becomes a strategic priority within the broader cooperative policy framework.

Digital literacy also emerges as a significant factor affecting the management capacity of village cooperatives. The increasing reliance on digital financial systems and administrative platforms requires cooperative administrators to develop technological competencies. Studies on digital transformation in rural cooperatives emphasize that technological capacity enhances transparency, financial accountability, and operational efficiency (Wahid & Khoiri, 2025). Without sufficient digital training,

cooperative managers may encounter difficulties in maintaining accurate financial records and reporting mechanisms.

Community leadership structures further influence the dynamics of human capital within cooperative governance. Village leaders often assume dual roles as administrators, facilitators, and mediators within cooperative institutions. Sociological research on collective action demonstrates that leadership legitimacy is closely connected to social trust and community networks (Putnam, 2000). In rural contexts where social capital remains strong, informal leadership structures may partially compensate for limited managerial expertise.

Policy reports also indicate that collaborative training initiatives involving universities, local governments, and development agencies can strengthen cooperative human capital capacity. Programs emphasizing experiential learning and participatory management training appear particularly effective in rural institutional contexts. Evidence from cooperative development initiatives suggests that such collaborative training models contribute to long-term organizational resilience (Attolba-Aquino & Castañeda, 2025). Institutional learning therefore becomes an essential component of sustainable cooperative development strategies.

The broader implications of these findings reveal that human capital capacity functions as a foundational element within the strategic people management framework of village cooperatives. The effectiveness of policy implementation depends not only on regulatory frameworks but also on the competencies of individuals responsible for organizational governance. Qualitative analysis of policy documents illustrates that managerial readiness remains uneven across the cooperative landscape. Addressing these disparities requires systematic investment in training programs, leadership development initiatives, and institutional mentoring structures capable of strengthening the human resource foundations of rural cooperative organizations.

Participatory Governance Dynamics in the Red and White Village Cooperative Program

Participatory governance represents a central institutional dimension influencing the effectiveness of village cooperative implementation. Qualitative examination of policy documents and institutional analyses reveals that the governance structure of the Red and White Village Cooperative Program combines centralized policy direction with locally embedded decision-making mechanisms. The tension between national policy frameworks and village-level participation shapes the operational dynamics of cooperative institutions. Studies on rural governance emphasize that collective participation strengthens institutional legitimacy and improves the sustainability of community-based economic initiatives (Ostrom, 1990).

Documentary evidence indicates that many village cooperatives were established through administrative directives that prioritized institutional formation targets. Such top-down implementation structures occasionally generate limited engagement among community members during the early stages of cooperative establishment. Research on collaborative governance demonstrates that participatory decision-making structures are essential for maintaining collective ownership of community institutions (Putnam, 2000). In contexts where policy implementation precedes social consultation, cooperative organizations may initially face legitimacy challenges among local stakeholders.

Institutional reports further show that village governments often function as primary facilitators of cooperative governance processes. Local administrations coordinate meetings, identify potential members, and assist in drafting institutional regulations that define cooperative operations. Governance research suggests that the effectiveness of local institutions frequently depends on the quality of interaction between formal administrative structures and informal community networks (North, 1990). The integration of these governance layers becomes a crucial factor shaping cooperative decision-making processes.

Community perception studies provide additional insight into the participatory dimension of the cooperative program. Surveys and field observations reported in academic publications indicate that many villagers recognize the economic potential of cooperative institutions but remain cautious regarding governance transparency and leadership accountability. Empirical findings show that community trust often develops gradually as cooperative institutions demonstrate tangible benefits for local livelihoods (Hartono et al., 2025). This dynamic highlights the importance of participatory communication mechanisms during the early phases of institutional development.

Policy implementation analyses also identify emerging collaborative governance models that involve local organizations, civil society actors, and village-owned enterprises. The cooperative program increasingly interacts with other village economic institutions, creating opportunities for collaborative planning and shared economic initiatives. Research on rural economic partnerships indicates that collaborative governance structures can strengthen institutional resilience by distributing responsibilities across multiple actors (Rahmawati et al., 2025).

Table 2. Participatory Governance Structures in the Red and White Village Cooperative Program

Governance Dimension	Institutional Characteristics	Implications for Cooperative Sustainability
Community Participation	Involvement of cooperative members in decision-making forums	Strengthens institutional legitimacy and accountability
Village Government Role	Administrative facilitation and regulatory coordination	Supports policy implementation at the local level
Institutional Collaboration	Interaction with village enterprises and civil organizations	Enhances economic coordination across institutions
Transparency Mechanisms	Public meetings and financial reporting practices	Builds trust among cooperative members
Stakeholder Networks	Partnerships with external development actors	Expands access to knowledge and resources

Source: Synthesized from policy analyses and institutional reports (Mardiantoro et al., 2026, Kusumasari, 2025).

The governance elements summarized in Table 2 illustrate how participatory mechanisms influence the operational capacity of village cooperatives. Community participation remains essential for maintaining accountability and ensuring that cooperative decisions reflect collective economic interests. Institutional research highlights that participatory governance structures reduce the risk of elite capture within community organizations (Ostrom, 1990). The presence of open decision-making forums allows members to monitor leadership performance and financial management.

Village governments continue to play a bridging role between national policy frameworks and local institutional practices. Administrative facilitation includes organizing community meetings, mediating conflicts among cooperative members, and ensuring regulatory compliance. Research on collaborative policy implementation shows that intermediary institutions are crucial for translating national programs into local governance practices (Ibrahim et al., 2025). Effective coordination between village authorities and cooperative administrators strengthens the stability of governance arrangements.

Collaborative governance networks also emerge as important mechanisms supporting cooperative development. Partnerships between cooperatives, village-owned enterprises, and local development organizations create opportunities for shared economic initiatives and resource pooling. Empirical studies demonstrate that institutional collaboration can improve local economic resilience by expanding market access and strengthening production networks (Kusumasari, 2025). Such collaborative structures reinforce the strategic position of cooperatives within village economic ecosystems.

Additional evidence from rural development research indicates that participatory governance becomes more effective when supported by bridging institutions and facilitation mechanisms. Programs that provide facilitators or local coordinators often succeed in encouraging dialogue among community actors and strengthening trust between stakeholders. Research on collaborative environmental governance similarly highlights the importance of bridging actors who connect different institutional layers (Schüler et al., 2025). Facilitation structures therefore play an important role in strengthening participatory governance within cooperative systems.

Observations from comparable community development programs reveal that implementation challenges often arise when coordination mechanisms remain unclear or institutional roles overlap. Policy implementation studies show that unclear governance structures can reduce the effectiveness of public programs even when policy objectives are well defined (Herwawan et al., 2026). Similar patterns appear in some cooperative establishment processes where administrative authority overlaps with community leadership structures. Clarifying institutional roles contributes to more stable governance arrangements within village cooperatives.

The participatory governance dynamics observed in the Red and White Village Cooperative Program illustrate the complex interaction between institutional design and community engagement. Cooperative organizations operate within a multi-layered governance environment involving national policy direction, village administration, and local social networks. Research on collective institutions demonstrates that governance effectiveness depends on the ability of actors to coordinate these different institutional layers (Putnam, 2000). Strengthening participatory governance mechanisms therefore becomes essential for maintaining institutional legitimacy and sustaining community-based economic development.

Strategic Organizational Alignment in the Implementation of Village Cooperative Policy

Strategic organizational alignment represents an additional dimension influencing the long-term effectiveness of the Red and White Village Cooperative Program. Qualitative analysis of policy frameworks and institutional reports indicates that cooperative sustainability depends on the degree to which organizational strategies correspond with broader rural development policies. Institutional coordination between national directives, regional development programs, and village-level economic initiatives remains a crucial governance challenge. Strategic management theory emphasizes that organizations operate effectively when institutional objectives, operational structures, and human resource strategies maintain coherent alignment (Boxall & Purcell, 2016).

Policy documentation further reveals that the cooperative program forms part of a broader national agenda aimed at strengthening rural economic sovereignty. The establishment of village cooperatives is closely associated with national economic strategies seeking to stimulate inclusive growth and local entrepreneurship. Macroeconomic analyses indicate that rural economic institutions play a significant role in supporting long-term development strategies and reducing structural inequalities between regions (Gupta et al., 2026). Cooperative organizations therefore function not only as local enterprises but also as institutional instruments within wider economic policy frameworks.

Institutional alignment challenges become visible when examining the interaction between cooperatives and existing village economic institutions. Several villages already operate community enterprises, farmer associations, and informal production networks that interact with the cooperative structure. Research on village institutional ecosystems suggests that overlapping mandates among local organizations can generate coordination difficulties when governance frameworks remain unclear (Hakim et al., 2026). Effective policy implementation consequently requires the integration of cooperative institutions into existing local economic structures.

Legal and regulatory frameworks also shape the organizational alignment of the cooperative program. Government policies define the legal status, operational responsibilities, and accountability mechanisms that regulate cooperative activities. Legal studies on cooperative policy development emphasize that institutional clarity contributes to stronger governance structures and reduces conflicts among stakeholders (Mauludin et al., 2025). In the absence of clear legal coordination, village organizations may encounter administrative ambiguity that limits operational efficiency.

Additional institutional observations reveal that tensions occasionally arise between cooperative principles and administrative policy targets. The rapid formation of cooperatives across multiple regions can create pressures that challenge traditional cooperative governance norms such as voluntary membership and democratic decision-making. Academic analysis suggests that deviations from cooperative principles may weaken organizational legitimacy among community members (Mardiana et al., 2025). Strategic alignment therefore requires balancing policy expansion goals with the foundational values of cooperative institutions.

Table 3. Strategic Organizational Alignment Factors in the Red and White Village Cooperative Program

Alignment Dimension	Institutional Characteristics	Strategic Implications
Policy Integration	Coordination between national rural development strategies and village cooperative programs	Strengthens coherence of economic policy implementation
Institutional Compatibility	Interaction with existing village economic organizations	Prevents duplication of institutional functions
Legal and Regulatory Framework	National policies governing cooperative establishment and management	Enhances governance clarity and accountability
Economic Network Development	Integration of cooperatives into local production and marketing systems	Expands rural market opportunities
Strategic Policy Adaptation	Adjustment of cooperative operations to local socio-economic conditions	Improves institutional resilience

Source: Synthesized from policy analyses and institutional reports (Effendi et al., 2025, Mardiantoro et al., 2026).

The alignment factors summarized in Table 3 illustrate the institutional complexity surrounding the implementation of village cooperative policy. Policy integration ensures that cooperative initiatives support broader rural development objectives rather than operating as isolated economic projects. Research on cooperative resilience demonstrates that institutional coordination strengthens the capacity of local organizations to respond to economic fluctuations (Birchall, 2013). Effective alignment therefore contributes to the sustainability of cooperative-based development strategies.

Economic network development also appears as an essential component of organizational alignment. Village cooperatives frequently operate within local production systems involving farmers, small enterprises, and community traders. Studies on cooperative diversification show that economic integration with local industries can enhance institutional sustainability by expanding market opportunities (Almeida et al., 2023). Strategic partnerships between cooperatives and local producers strengthen the economic relevance of village-based institutions.

Empirical reports further indicate that institutional collaboration across multiple development programs contributes to stronger organizational outcomes. Cooperative initiatives often intersect with programs focusing on rural entrepreneurship, agricultural modernization, and community empowerment. Research on cooperative development strategies highlights that cross-sector collaboration can strengthen local economic ecosystems and create new opportunities for community participation (Pratama & Guswandi, 2025). Strategic alignment therefore involves coordinating multiple development initiatives within the village economy.

Observations from community-based cooperative case studies also demonstrate that successful institutional alignment depends on adaptive management practices. Cooperative administrators frequently adjust operational strategies according to local socio-economic conditions and available resources. Case-based research on village cooperatives illustrates that adaptive strategies contribute to improved economic outcomes and poverty reduction in rural communities (Fadilla, 2026). Organizational flexibility thus becomes an important feature of strategic people management within cooperative institutions.

Evidence from rural development research further emphasizes the importance of social communication strategies in strengthening institutional alignment. Cooperative organizations increasingly utilize local branding and communication initiatives to promote community engagement and market recognition. Studies on collaborative rural tourism development show that communication strategies can strengthen the economic visibility of village-based institutions (Sukarno & Mutiarin, 2023). Such strategies enhance the institutional identity of cooperatives within local economic networks.

Additional institutional insights emerge from research on collaborative resource management systems in rural environments. Cooperative organizations that establish partnerships with environmental management initiatives and community development programs tend to experience stronger institutional integration. Collaborative governance studies indicate that multi-stakeholder cooperation enhances both economic and environmental sustainability in rural regions (Wijayanto et al., 2025). The alignment of cooperative programs with broader development initiatives therefore reinforces the strategic role of village institutions.

The qualitative evidence synthesized from policy analyses, academic literature, and institutional reports highlights the importance of organizational alignment within the broader framework of strategic people management. Cooperative sustainability is influenced by the ability of institutional actors to harmonize policy objectives, governance structures, and local economic dynamics. Organizational coherence allows village cooperatives to function as strategic nodes connecting national development policies with grassroots economic activities. Strengthening alignment across institutional layers therefore becomes essential for ensuring that the Red and White Village Cooperative Program contributes effectively to long-term rural economic transformation.

CONCLUSION

The implementation of the Red and White Village Cooperative Program illustrates the central importance of strategic people management in sustaining large-scale rural economic institutions. Empirical evidence derived from policy documents and institutional analyses indicates that the effectiveness of village cooperatives is strongly shaped by the interaction between human capital capacity, participatory governance arrangements, and organizational alignment with broader development policies. Managerial readiness and leadership capability influence the ability of cooperatives to operate transparently and maintain accountability within community based economic structures. Governance dynamics further demonstrate that cooperative sustainability depends on inclusive decision-making processes and collaborative institutional relationships that strengthen local legitimacy. Organizational alignment also emerges as a decisive factor, as cooperatives operate within complex policy environments involving multiple rural development initiatives and legal frameworks. Institutional coherence between national policy objectives and local economic realities supports the long term viability of cooperative systems. Strengthening leadership development, governance transparency, and policy coordination therefore represents a strategic pathway for improving the sustainability and developmental impact of village cooperatives in Indonesia.

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