

## A MODEL OF WOMEN COOPERATIVE EMPOWERMENT IN IMPROVING COMMUNITY WELFARE

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### ABSTRACT

*Women cooperative is meant to empower women by involving them as facilitators. This kind of empowerment model has been regarded important for community welfare. This study aims to identify and provide a roadmap of economic condition of women cooperative including its members in Semarang city. Further, it is meant to formulate a cooperative model for women empowerment in accordance with the existing condition, and to improve the development of productive members. Currently, there are 27 women's cooperatives (Kopwan) registered in the city, but there are only 17 active women's cooperatives. These active cooperatives are indicated by the increase of turnover and activity of the Annual Members Meeting. The methods of analysis are identifying initial conditions of women and members of cooperatives, and formulating a model of cooperative empowerment of women by conducting workshops and focus group discussion. Based on the results of questionnaires, there are some significant models of empowerment to formulate : (a) selective pattern of member recruitment by prioritizing productive enterprises, (b) transparency of rules and of operational procedures on savings and loans as well as ongoing reporting with effective monitoring, (c) provisions, procedures, documents, and loan application requirements and submission focus on developing productive activities of the member, (d) members' understanding on the important role of savings and loans for the sake of members' productive activities development, and (e) system of accounting and financial reporting treatment are to support financial accountability leading to members' confidence in developing productive business facilitated by women's cooperatives.*

Keywords: women cooperative empowerment, productive enterprises, community welfare

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### Introduction

Poverty is a cultural and structural problem with many causes and obstacles such as limitations to get education, to access the economic, to organize and many more (Anniswati, 2000). Traditional culture which holds patriarchy ideology and gender inequality was the main condition to bring women in endless economic powerlessness. Some women, to survive, join in many businesses/ productive efforts and legal economic entities like cooperative entities.

Cooperative entity creates opportunity for women to help themselves which there is no patriarchy ideology of superiority to men because all members have the same rights and duties in cooperative entity. Cooperative entity has a strategic role to empower women and by joining in this entity, women can prove their competencies and abilities as shown by the success of SMEs (Small and Medium enterprises) managed by women without releasing their role as housewives. (Anonim, 2001).

The most dominant role of women cooperative entity (WCE) in empowering women is to give credit investment capital to the members especially the members whose SMEs who want to expand their business or to start a business through its saving and lending unit. Previously, they were often trapped in banks with high interest so they need better financial institutions to help them like cooperative entity. The other roles of cooperative entity are giving training, consulting for business, improving the skills for organizing, managing, administrating, accounting, and improving the product quality, giving access for productive resources, and informing.

Some problems and challenges of women cooperative entity (WCE) were; (1) the low access toward market information and technology, (2) the low access toward the capital resources, (3) the low capacity of human resources. Cultural factor becomes the reason for the low formal education for women and the low opportunity for women to be active in organizations so the WCEs were left behind by others entities, and (4) the existence of WCE was not enough known in the society.

The preliminary data from the Office of Cooperative and Micro, Small and Medium Enterprises in Semarang in 2009, there were 10 women cooperative entities but only 4 active cooperative entities which operate its functions as shown by increased turnover and annual members meeting activity.

The main role of WCE is improving the members' welfare. Furthermore, empowering the business character of WCE, education program and socialization program are also the integral parts of the organization and WCE business practices. Therefore, improving the society welfare with the empowerment model of productive women involving women cooperative entities (WCEs) as the facilitators are needed. The objectives of the study were (1) to identify and to map the economic condition of women cooperative entities (WCEs) and its members in Semarang and (2) to formulate an empowerment model of cooperative women which was appropriate to the mapping of initial conditions and (3) to strengthen the development of the members' business/ productive effort.

## THE METHODS OF THE STUDY

The population of this study were 27 women cooperative entities (WCEs) registered in the Office of Cooperative and Micro, Small and Medium Enterprises (SMEs) in Semarang. WCE had all women members. There were 27 WCEs but only 17 active WCEs which submitted the reports of annual meeting to the Office of Cooperative and Micro, Small and Medium Enterprises (SMEs) in Semarang. The active WCEs would be the samples model to empower the members productively to 10 inactive WCEs.

The primary data about the economic conditions and preferences to solve the poverty problem were collected by interviews and documentation. Interviews were conducted on all WCE's members and WCE's managers. The documentations were WCE's training activities and monitoring. The needed documents were the Name and Address of WCE, The number of Legal Entity, the Volume effort and a brief information about WCE Escort from the Office of Cooperative and Micro, Small and Medium enterprises (SMEs) in Semarang.

The formulation of the model was conducted by making stages, achievements, and indicators continuously in the first year as follows:

- a. Identifying the initial conditions of WCE and its members by documenting the financial condition and work programs related to the members' empowerment. The preliminary condition of the WCE's members includes the proportion of members who had business or did not have the business, and then the economic condition of the members by determining the proportion of poor members. Identification of the initial condition was performed from active and inactive cooperative entities.
- b. Determining the empowerment formulation of the business/ productive efforts for WCE members by identifying the type, scheme, total saving and loan, the model of socialization, reinforcing, monitoring and evaluating the members' business.

## THE RESULT AND DISCUSSION

### Identification of WCEs condition

The initial observation from the office of cooperative and SMEs in Semarang and several WCEs in Semarang showed that there were 27 WCEs but only 17 active WCEs which sent annual meeting report to the office of cooperative and SMEs since 2011. The active WCEs would be the model to empower the members productively to 10 inactive WCEs.

The next step was inviting active WCEs to the workshop for formulating an empowerment model the WCEs and its members to improve the welfare. WCEs filled in the instruments of the study. The result can be seen as follows;

WCEs dominantly were built after 2000, only 2 WCEs which was built before 2000; they were WCE Mekar Melati in 1991 and WCE Sri Rejeki in 1984. All respondents had saving- lending unit with the average of WCEs had 5 administrators and 3 supervisors. Most of them used the accounting system manually;

- a) The economic data of 17 WCEs showed that the must savings average per month was Rp 20.000,00 and voluntary savings per month was Rp 300.000,00 with the lending average per month per member was Rp 9.500.000,00. The average of the annual profit in 2012 was Rp 23.300.000,00;
- b) The average of WCE members were 65 people and the most members was in WCE Sri Rejeki, they were 450 people. Mostly, they were housewives whose potencies to develop their businesses/ productive efforts. WCE Sri Rejeki had 450 people, 350 people (78%) were housewives, and 225 people (50%) had productive efforts/ business. The same profile can be seen in WCE Srikandi, Wanita Utama, and Puspa Melati with the total members whose business were 90 people (77%), 15 people (43%), 20 people (38%) of all members.
- c) The biggest proportion of members whose productive efforts in 4 WCEs were housewives in productive age (20-50 years old);
- d) 4 WCEs with the biggest members whose business was the initial prototype of empowerment model to support the members' welfare. Identification toward the condition and management of those 4 WCEs showed that there were a clear support to the members' business.

It can be seen from the clear procedure to receive the member whose the potency to make business/ productive effort. The empowerment model of WCE's members can be carried out through the role and management of WCE in operational of saving-lending.

The above description showed that the initial data of active WCEs can be used as the model because the limitation to develop the business so the active WCEs can be developed to be the first *prototype* model of empowerment. The active WCEs were WCE Sri Rejeki, WCE Srikandi, WCE Wanita Utama, and WCE Puspa Melati. Furthermore, the data, procedure, and the pattern of activities in those 4 WCEs were formulated to be the empowerment model of WCEs.

### The Formulation Model of WCE Empowerment

The Formulation Model of WCE Empowerment as a business unit was made through the empowerment workshops and focus group discussions to formulate effective WCE empowerment model. The formulation model started from member acceptance, lending procedure, monitoring procedures. The results of focus group discussions provide some keys of WCE empowerment, they were;

- a. The pattern of selective members acceptance with an orientation to the potential candidate member for having productive effort;
- b. The transparency of rules and operational procedures on saving-lending and also ongoing reporting with an effective monitoring,
- c. The conditions, procedures, documentation and requirements of getting loans and proposing loan oriented to the development of the business
- d. Understanding the important role of members' saving and loan to improve the business quality,
- e. Accounting system and financial reporting must support financial accountability which can improve the members' certainty to expand the business facilitated by WCE.

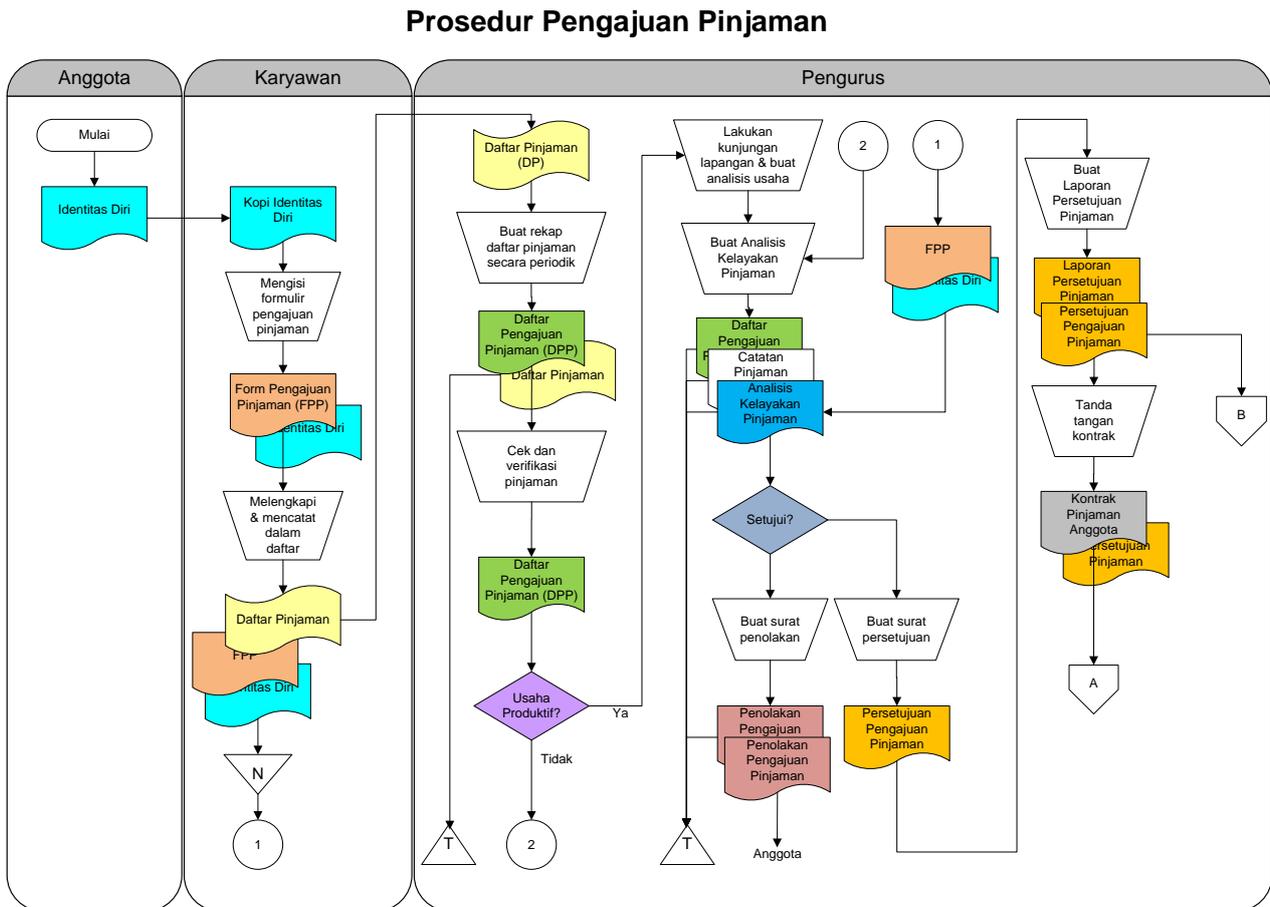
Furthermore, the empowerment model was applied in the main activity of WCE, viz saving-lending oriented to the members' empowerment in their business/ productive effort, not consumptive or for investment. The application of the activity was documented in the flow chart, standard operating procedure, document, report which were explained below;

- a. The members' loan  
There was the procedure of proposing loan oriented to the members' productivity. Requirement, supporting document and analysis of loan usage oriented to the members' productivity. Proposing the loan must state the usage clearly so the business can be directed and guided by the WCE then. WCE also consider the usage of the loan, was it for productive, consumptif or investment? If the usage of the loan for productive, the probability to get it was big.

The supervisory toward the loan was conducted in many levels, from the administrator to the member, then from supervisor to the administrator continuously. If the member misused the loan until it got stuck so the administrator must be active to solve the problem. Then periodically, supervisor would examine all loans in many aspects from administration, obedience to the law and the volume of loans. The detail procedures to get the loan can be seen in figure 1. Understanding the loan especially on the usage of the loan, the calculation, installment, obedience to pay the installment, and settlement of arrears were needed by all members. A good understanding is expected to improve the quality of loan for the members.

- b. The members' saving
- c. There was the procedure of saving oriented to the members' productivity which gave understanding about the benefits of saving for the members' welfare.

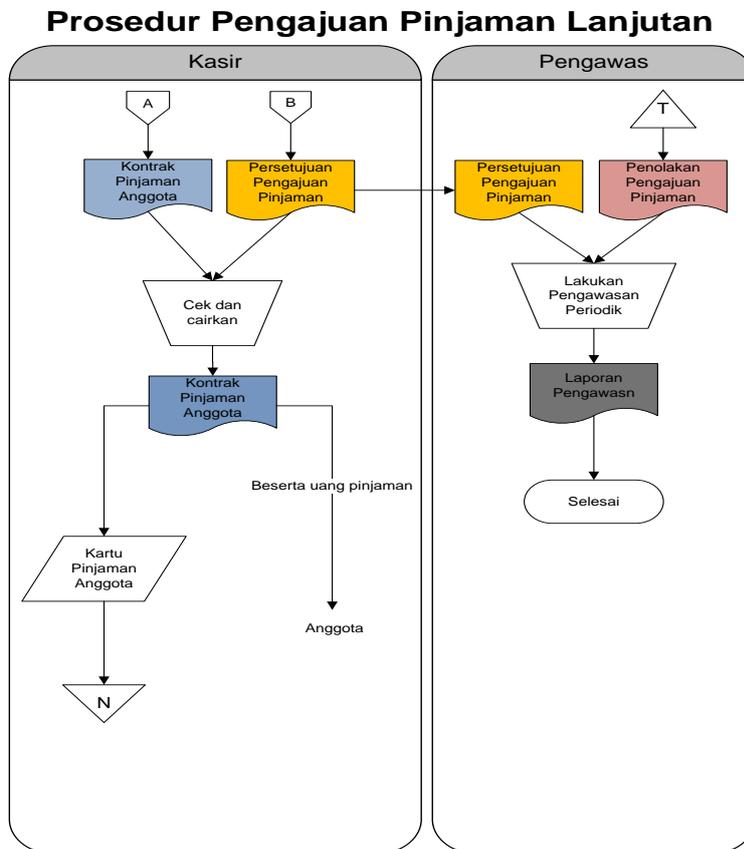
Figure 1a. The procedure of proposing the loan



Requirements, supporting documents and analysis of saving were directed to the members' productivity, especially on voluntary saving. Saving should be used for the members' productive need. The members' understanding about saving should be given continuously so the members moved from the lenders to the productive savers. The active savings showed the surplus of the member' capital and it could be used for consumptive but is directed to the productive. So the saving can be used for other members' business.

WCE also focused on the aspects of saving usage whether it was for business or investment use because it was the trust from the members to WCE. The supervisory of the saving should be done in many levels, from the administrator to the member, then from the supervisor to the administrator continuously.

Figure 1b The Procedure of Proposing The Loan for the Continued Members



If there were misuse of saving for consumptive and not included in the on-going year finance plan so the administrator must be active to solve the problem. Then, supervisor would examine all saving on all aspects like administration, obedience, and value of saving periodically. The understanding of saving must be given to all members so they knew the importance of saving for all members' welfare, calculation, and withdrawal. A good understanding was expected to improve the quality of saving to WCE.

The existence of saving- lending unit (cooperative entity) managed by women gave significant influence to the members especially to their income and the cooperative entity itself. (Hetifah, 1995). The empowerment model of WCE through business approach such as reevaluating the performance, and controlling the saving-lending unit were expected to improve the women's creativity to expand the business and cooperative entity for welfare overall. It was not expected to make WCE for lending the money for consumptive only without considering the continuous aspects which made the members and cooperative entity in difficult position. The approaches needed the ability and professional skill in micro finance to build the economic system of women empowerment, to develop the business, to grow the character of cooperativeness, so WCE can be well-built and healthy.

The success of WCE happened because applying the saving-lending with sequential liability system, having professional strategic strong women to be the administrators or managers. They had high entrepreneurial character so they can quickly capture the business opportunity such as making shops or hyper mart, catering, rentals, telephone, voucher, etc. for the members' need. The members could participate economically by leaving the product for sale in WCE. The other WCE roles in empowering the women were to provide training, to provide business consultation, to improve the skills such as organization, management, business administration, to improve the quality of products, to provide access to productive resources, and to give information.

## CONCLUSION AND SUGGESTION

### Conclusion

Based on the discussion, it can be concluded that;

1. The study has identified some keys of empowering the WCE such as (a) the selective members receiving pattern with oriented to the potential candidates with their business (b) transparency the rules and operational procedures on the saving, lending, reporting with continuous supervisory, (c) conditions, procedures, document, requirement of proposing the loan oriented to the members' business expansion (d) understanding of the important role of saving and lending well in developing the business (e) accounting system and financial report should support the financial accountability so can improve the members' certainty to develop the business with the WCE facilitations.
2. The empowerment model which has formulated and applied in WCE such as the flow chart of saving and lending, standard operating procedures from the members' acceptance, the saving-lending activity, the supervisory and the samples of document and reports.

### Suggestions

The suggestions to develop the future research are applying the empowerment model to the inactive cooperative entities, socializing and intensive companionship and then are documented in one year book to know the improvement of the business, having automation of information system can be done to support the efficiency of cooperative entities

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