

**ASSISTANCE IN THE DEVELOPMENT OF BUSINESS
DIVERSIFICATION TO OPTIMIZE INCOME FOR WOMEN'S
COOPERATIVES IN BLITAR DISTRICT**

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Abstract

The presence of Women's Cooperatives in Indonesia holds significant importance, despite the limited number of large-scale Women's Cooperatives. These cooperatives play a crucial role in supporting the government's efforts to address national challenges such as unemployment reduction, enhanced health outcomes, improved education, and the resolution of gender-related issues. Analysis of the objectives of this initiative reveals two primary issues: 1) Women's Cooperatives heavily rely on savings and loan business units, leading to elevated levels of bad credit in the women's cooperatives of Blitar Regency; 2) Administrators of women's cooperatives struggle to diversify their businesses beyond savings and loans. The initiative commences with preliminary activities, involving a literature review followed by field research utilizing secondary data. Subsequently, a focus group discussion (FGD) is conducted to assess the actual conditions of women's cooperatives in the field, engaging with the Cooperatives and Small and Medium Enterprises (UMKM) Department. Through mentoring endeavors, the aim is to reinforce cooperative management, enabling the development of diversified business ventures beyond savings and loans. This is to be achieved through improved financial planning and activities. Additionally, the initiative aspires to instill in management a comprehensive understanding of business risk management.

Keywords: *Business Diversification Assistance, Income, Women's Cooperatives*

INTRODUCTION

Women are an element of society that has an important and central role in realizing family welfare. It is appropriate to provide economic opportunities to ensure basic family resilience through increasing access, including access to economic resources. More specifically, the role of women in cooperatives needs to be encouraged for several reasons related to (1) the role of women in improving the welfare of themselves and their families. In other words, there is a big role for women in alleviating poverty. (2) The need for women to empower themselves (self-actualization) so that they can play a bigger role outside their position as housewives.

The East Java Provincial Government through the East Java Provincial Cooperatives and UMKM Service has succeeded in establishing 3,750 Women's Cooperatives in 2009 and 4,250 in 2010. The existence of Women's Cooperatives in Indonesia is quite significant, although there are not many large Women's Cooperatives, Women's Cooperatives are

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capable of assisting the government in addressing national problems such as reducing unemployment, improving health, increasing education, and overcoming gender issues. The East Java Provincial Government's real step was in 2010 to form 8,000 new Kopwan cooperatives, and each Kopwan was also given initial capital of IDR. 25,000,000 (East Java Province Cooperatives & UMKM Service, 2012).

However, kopwan, with the majority of its businesses being savings and loan cooperatives, faces the main problem, namely bad credit (www.diskopukm.jatimprov.go.id). (Hardanto, 2006) states that credit risk is the risk of loss related to the possibility of a counterparty failing to fulfill its obligations when they are due. The majority of bad loans occur because financial institutions do not have policies and strategies that regulate lending (Gweyi, 2013). (Mamai, 2020) stated that to minimize business risks from savings and loan units, cooperatives must also optimize resources to open other business units. (Septiarini, 2020) and (Gweyi, 2013) in their research stated that it is important to diversify the business to avoid higher business risks.

Blitar Regency is one of the districts with a large number of Kopwan in East Java. There are 109 Women's Cooperatives operating in East Java with a capital capitalization of up to 20 billion by 2020 (East Java Province Cooperatives & UMKM Service, 2012). (Rinastiti, 2012) noted that around 40% of bad credit occurred in several cooperatives with savings and loan businesses. Based on initial observations carried out through Forum Discussion Group (FGD) activities with the Blitar Regency Cooperatives and UMKM Service, it was found that women's cooperatives in Blitar Regency still rely on savings and loan business units. So when bad credit occurs from loans given to members, it will have a big impact on business sustainability.

Based on the field conditions and the need for developing women's cooperatives in the Blitar district, a proposal for community service activities was formulated with the topic of assisting women's cooperative management to build business diversification other than savings and loan business units. It is hoped that this activity will encourage women's cooperatives to develop businesses other than savings and loan business units to optimize income for women's cooperatives in the Blitar district.

IMPLEMENTATION METHOD

The method of implementing assistance activities for the development of business diversification in the context of optimizing income for women's cooperatives in the Blitar district is as follows:

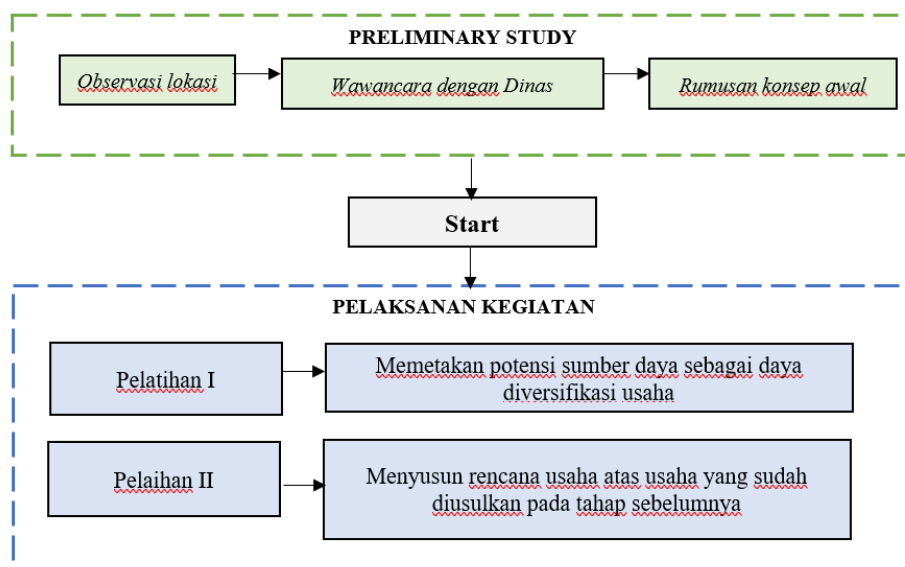


Figure 1. Design of Mentoring activities

The target audience for this Community Partnership Program is 30 Women's Cooperative Management in Blitar Regency. To run the activity process smoothly, the implementing team will coordinate with activity partners, namely the Blitar Regency Cooperatives and UMKM Service as the government agency that officially fosters Women's Cooperatives. Therefore, to carry out activities optimally, the participation of partners is also needed, including the following:

1. Providing human resources who have the commitment and competence to participate in activities from start to finish
2. Providing the necessary data to support the implementation of community service activities that will be carried out.
3. Helping the accompanying team to establish communication with women's cooperative management

RESULTS AND DISCUSSION

The activities aimed at fostering business diversification for the purpose of optimizing income within women's cooperatives in the Blitar district are outlined in the following activity scenario.

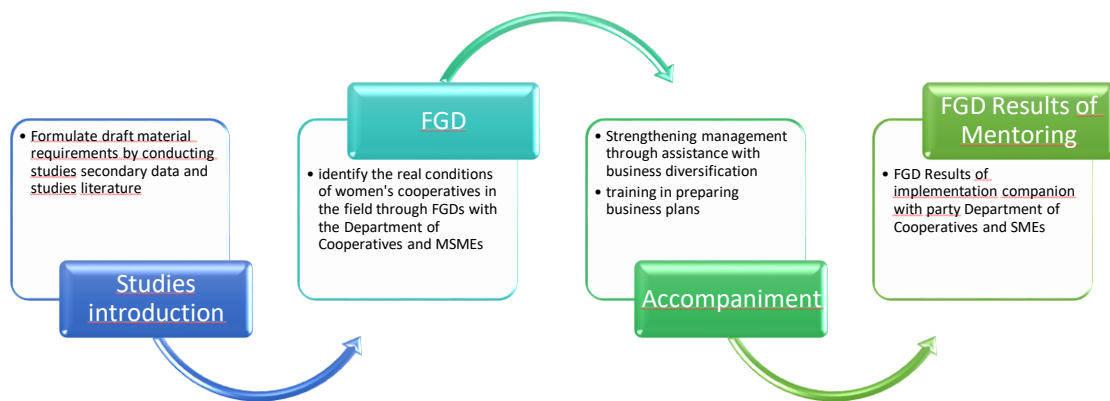


Figure 2. Scenario of mentoring activities

The preliminary stage begins with a literature study and then continues with a field study using secondary data. Activities in this preliminary stage are carried out to identify the need for information which will later be used as a basis for preparing plans for training and mentoring activities. The next stage is FGD to identify the real conditions of women's cooperatives in the field through FGD with the Department of Cooperatives and MSMEs.

Mentoring activities are carried out to strengthen cooperative management in developing businesses outside the business units that are currently running (savings and loan business units). The final stage of this training and mentoring activity is the implementation of the FDG with the activity objects to obtain activity feedback and recommendations for activity needs in the following year.

Assistance activities for the development of business diversification in the context of optimizing income were carried out for 30 Kopwan administrators in Blitar Regency. The activity began with assistance to the management regarding working capital development management material for women's cooperatives. The event began with an opening by Mr. Eko Adhi Candra SE from the Blitar Regency Cooperatives and UMKM Service. The following is documentation during mentoring activities for Kopwan in Blitar Regency.



Figure 3. Mr. Eko Candra (Blitar Regency Dinkop) is giving material



Figure 4. Group photo of participants and presenters



Figure 5. All participants in business development assistance for women's cooperatives in Blitar Regency

Based on the results of a preliminary study, it is known that the majority of cooperative administrators still rely on capital from members' mandatory savings (SW) and principal savings (SP). Material regarding capital development for Women's cooperatives (Kopwan) was delivered by Mrs. Fadia Zein. The following is documentation of assistance activities in developing funding models for women's cooperatives.



Figure 6. The speaker (Fadia Zein MM) explained material on developing funding models for women's cooperatives

In the next session, there was business development assistance delivered by Achmad Murdiono. Based on preliminary data, the majority of women's cooperatives only develop savings and loan businesses. As one of the economic generators of a family-based society, women's cooperatives have a strategic role in improving the economic welfare of families. The following is documentation of business development assistance carried out by the 2nd presenter.



Figure 7. The speaker (Achmad Murdiono MM) explained business development management material

The second mentoring activity is training to analyze the strengths and potential for business development in each cooperative. The result of the mentoring carried out is that each cooperative has business development ideas outside of Savings and Loans (SP). Most of the business ideas that emerge from women's cooperative administrators are family-based production businesses. This is also inseparable from the richness of the Blitar district in various kinds of food souvenirs

Continuous improvement in Kopwan's performance is realized through discussion activities regarding the follow-up to the results of mentoring activities carried out with the Blitar district Cooperatives and UMKM Service. On this occasion, the resource person from the cooperative service was Mr. Eko Adi Candra, SE as Head of the Institutional Section. Through this activity, various recommendations were produced to strengthen Kopwan through training activities, among others.

- a. Following up on mentoring activities in 2023 with activities in 2024 which focus more on implementing the strategic plan that has been prepared
- b. Improve the ability of cooperative management to manage capital and marketing to support the business plans that have been prepared
- c. Carrying out training dissemination for other cooperative administrators in the Blitar district

This activity, of course, provides input for the service implementation team regarding the need for further assistance and the Blitar Regency cooperative and MSME department regarding the need to improve the performance of women's cooperatives.

CONCLUSION

Based on the problems described and the discussion above, the conclusions will be outlined as follows.

- a. The majority of women's cooperatives (kopwan) in Blitar Regency rely on savings and loan business units
- b. There is potential for business development outside of savings and loans, the majority of which are production businesses (food and beverages and shops)
- c. Through this activity, the management can prepare a business plan from the development plan that has been prepared
- d. Assistance to Kopwan management regarding business development management is very useful in increasing the management's understanding of developing businesses outside of savings and loans.

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