

MICRO FINANCING ROLE IN EMPOWERING THE ECONOMY OF WOMEN WHO HAVE SMALL ENTERPRISE OF BROWN SUGAR

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Submission date: 24-Jun-2021 01:07PM (UTC+0800)

Submission ID: 1611425934

File name: C.2.a3.4.a.pdf (189.36K)

Word count: 3952

Character count: 21088

Micro Financing Role In Empowering The Economy of Women Who Have Small Enterprise of Brown Sugar

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ABSTRACT

The study focuses on the role of micro financing in empowering women and how their contributions suppress women's poverty. The researchers use qualitative approach by using case approach method in context of brown sugar craftswomen in Wuluhan that joined in Artha Niaga micro finance department. Women who work as brown sugar craftswomen in Artha Niaga are 10 persons and all of them are observed. The result of the research shows that education aspect needs to be given attention in its effort in empowering women. Additionally, micro financing that opens financial access has given lots of changes either in enterprise sustainability and revenue improvement so that their wealthy is eventually enhanced either socially or economically.

Keywords: *Microfinance, Women Empowerment, Demographic Aspect, Economy Empowerment Aspect.*

1. Introduction

According to Susenas 2010, the productivity of women's economy is commonly lower than men, even though the composition of productive citizens is almost balanced for both of them i.e. women 66.11% and men 65.35%. This shows that women's quality of life is still lower than men either in economy, education, or even health. The cause of this imbalance is that women's access towards strategic resources is lower than men because of low education and marriage level in a very young age (Foilyani et.al, 2009). In society culture that is still dominated by men as it usually happens in third world countries such as Indonesia. The similar phenomena is also happened in Pakistan as it is revealed by Rehman et.al (2015) that the lack of women's empowerment is because of several factors such as age, marital status, education, and family culture. This condition is accordance with the reality in society which shows the fact that women's role is lower in formal sector, but it has more balanced proportion in informal sector than man.

Women are more capable on speaking in informal sector because there is no standard education

demand including as small enterprise doer and the opened access of financing for women in micro finance institution either in the form of saving and loan cooperative, village bank even in micro finance public institution (Sari, 2016). Micro finance institution indeed opens a broad access towards women who have a micro enterprise as a form of empowering micro finance institution to empower women. This program is one of the programs that is expected can perfect economy empowerment of poor women that is previously still conducted partially and not effectively in order to uplift their poverty (Supeni & Sari, 2011).

The important role of micro finance institution in empowering women's economy has been portrayed by former researchers and said that micro finance institution has conducted women's empowerment program very well even though researchers have not found significant difference in micro finance institution if it is compared to other empowerment programs. Brau et.al, (2009) also found that there is a contribution of micro finance institution towards the welfare improvement of its client to be better in health and economy empowerment side. Saving and loan program of women according to Nihayah (2015) also successfully decreased women's poverty level in micro

enterprise in Bangilan Village of Tuban District at 20 percent. Certainly, further study is still needed to know how is actually the role of micro finance institution in empowering women's economy that have micro enterprise in which in this research it focuses on brown sugar craftswomen as a member of saving and loan cooperative, Artha Niaga, in Wuluhan Sub-district of Jember district.

2. Review Of Related Literature

2.1 Women's Empowerment

Based on the library research about the definition of 'empowerment', it is stated that empowerment process consists of two tendencies. First, a tendency which emphasizes on giving/diverting power, strength, or ability to society so that each individual becomes more empowered, which is the definition of primary tendency. Meanwhile, the second tendency emphasizes on stimulating process, encouraging, or motivating individuals so that they have ability or empowerment to decide what is their life choice through dialogue process, which is the definition of secondary tendency (Priyono and Pranaka, 1996 in Roesmidi and Risyanti, 2006:2). Thus, it can be seen that empowerment is not a unilateral process but it is two parties process which held for common interest. On the other hand, Ruslan (2010) strengthens that empowerment process should be based on "development of undeveloped" and "putting the last first" paradigm, which placed females as a group that is susceptible and weak as the main target of empowerment so that it can free from poverty and powerlessness. This women empowerment, certainly, cannot stand alone and has to be synergized with all parties such as government, higher education, social community institution, and finance institution.

2.2 Micro Finance Institution

Baskara (2013) described a portrayal about the existence of micro finance institution in Indonesia as an institution which has a quite long history from Dutch colonialism to today. This long journey strengthens the role of this institution in the society. Indonesian society structure that is really heterogenic needs a finance institution that is suitable with each group characteristic. Indonesian people character which is communal is really suitable with a kind of institution like community banking. A strong micro finance institution certainly brings positive impact on the development of small and middle micro finance in all corners.

In simple terms, Nader (2008) defines microfinance as the provision of financial services to low-income groups. From this simple definition, it can be underlined that the target of the microfinance institution service is that poor people with low income

which also certainly has limited access of funding. They need financial support with a simple and easy system so that they can access microfinance institution.

According to Asian Development Bank (ADB), LKM (microfinance) is an institution of provision deposit service, loans, payment services, also money transfers that are directed to poor and low-income households and their microenterprises. LKM can be seen in the form of: 1). Formal institution such as village bank and cooperative; 2). Semiformal institution such as non-government institution; 3). Informal resources, such as money releaser.

Indonesian Bank identifies micro credit which is given to productive doers, either individual or group that have the largest selling at Rp. 100 million per year. According to BI, LKM is divided into two categories i.e. LKM in the form of bank and non-bank. LKM in the form of bank is as follows: BRI village unit, rural bank (BPR), credit village agency (BKD). LKM in the form of non-bank is as follows: Saving and Loan cooperatives (KSP), saving and loan unit (USP), village credit funding agency (LDKP), at-Tamwil treasury (BMT), non-government organization/group (KSM), and Credit Union (CU).

2 Thus, LKM has a function as an institution that provides various loan services, either for productive activity which is done by microenterprise or for consumptive activity of the family of poor society. As a loan institution, LKM can collect funds (saving) which becomes requirements for credit existence even though eventually most of credit amount that is given is bigger than the funds that has successfully collected.

Micro loan can be used for helping UKM in accessing finance resources, and UKM characteristics that is seen from revenue aspect closer to group of society that is categorized as economically active working poor and low-income society.

2.3 Women's Microenterprise

Based on the data from the ministry of cooperative and small-medium enterprise, there were 39% or 53.8 million people that had microenterprise in entire Indonesia, 21 million of them were microfinance that are managed by women. Women's role in microenterprise sector showed quite good score. There was an improvement in the number of microenterprise that are managed by women, as proven it increased 42% compared to last year. The success of microenterprise that are managed by women are because of four matters that are inseparable from women's existence.

It will be described as follows:

- a. Women tend to have a more thoroughly character than men. Women are more painstaking and patient in doing various things. This certainly can become the main provision in starting a business.

- b. Women also get used to do many updated things. This surely shows women's ability in facing various situations, deciding something at the same time.
- c. Women tend to have flexibility, efficiency, have higher intensity in having communication and interaction, prioritizing factual data, and intuition in enterprise setting.
- d. Women have a tendency to start her business on the enterprise field that is related to personal needs or desires.

2.4 The Role of Micro Financing in Women's Empowerment

Microenterprise women face the same limitation as women in other third world countries i.e. limited access of formal finance institution. It is commonly known that to get fund access from bank, there is a formal procedure with basic banking requirements that have to be fulfilled by customers that used to be called credit giving principle 5C i.e. capital, collateral, character, capacity, and condition of economy. The five requirements which certainly cannot be fulfilled by those who don't have any assets to be made as guarantee, they are not capable to make a financial report and relatively unstable enterprise condition. By those condition, the thing that is impossible for them in order to develop their business by funds injection from bank.

As an effort of lifting women from poverty, empowerment of finance institution becomes one of the ways out that can be offered by considering and remembering the limitation of access for women towards finance banking institution. By stressing on women's empowerment from the perspective micro finance institution so that lack of funding access can become alternative solution in lifting women's poverty, as studied by Mayoux (2005) in Rehman et.al (2015) which underlines the importance of giving access towards microfinance institution for women so that they can uplift themselves from poverty and sustain economic growth as well as establishment.

Rehman et.al (2105) added the importance of three collaboration paradigm in empowering women i.e. feminist empowerment paradigm, poverty elevation, and financial sustainability paradigm in order to give comprehensive solution for economy empowerment, a better improvement of life either in health, education or even social welfare as well as political power.

3. Methodology

This study has a purpose to know the relationship between the role of microfinance and brown sugar craftswomen economy empowerment by using qualitative method and descriptive statistics. It is in qualitative method by using case study approach in

context of brown sugar craftswomen in Wuluhan, Jember district.

Data collecting technique is done through interview process and observation. The interview is done by using opened and closed question. The collected data is primary data and interpreted by conducting a review towards journal, book, and relevant articles. Some secondary data from a report from related organization in local, national, or even international are also dug to enrich discussion process.

The purpose of this study is to know the role micro financing in improving women's welfare in the context of brown sugar craftswomen in Ambulu as one of the brown sugar centers in Jember. There are ten brown sugar craftswomen which become the member of microfinance, Artha Niaga Ambulu. The data analyses are adopted from Rehman et.al (2015). Interview schedule with those ten respondents are divided into three parts which then continued by results' interpretation.

- a. Demographic aspect which consists of names, ages, marital status, and education,
- b. Empowerment aspect consists of the level of credit amount and enterprise development.

4. Result And Discussion

4.1 Result

Artha Niaga is a microfinance institution that is located in Wuluhan sub-district, Jember district which was established on 29th June 2002. Under the leadership of Bapak Sutrisno, the development of Artha Niaga experienced a growth by the existence of a new branch office i.e. in Kencong and Umbulsari. The increasing number of branch offices per unit is expected to facilitate the access for prospective members to get the credit / loan. The development and expansion of Artha Niaga cover market expansion, human resource development, and increased cooperation, improvement of facilities, equipment and infrastructure, as well as job evaluation.

Increasing Human Resource is done by adding the number of employees. Enhanced cooperation with the members is also conducted consistently in a certain period of time with the aim of further advancing the objectives of its members. By upgrading facilities, equipment and infrastructure, it will improve services to its members as well as at its facilities among others by establishing new branches and adding to the smooth operation of the transport fleet.

Here are the results of descriptive statistics of ten female respondents interviewed craftswomen brown sugar because the focus of this study is the role of microfinance in the empowerment of women. Variables identified and excavated are demography, economic empowerment and social aspects. Information on the above three aspects will be

presented in tabular form below. Demographic aspects can be seen from the name, level of education, marital status and age of membership in Table 4.1 below.

Table 4.1 The Level of Education of Brown Sugar Craftswomen

Level of Education	Amount	Percentage
SD	3	30
SMP / sederajat	4	40
SMA / Sederajat	3	30
Perguruan Tinggi	-	-
Total	10	100

Source: Calculated data

By referring to Table 4.1 above, it can be seen that most brown sugar craftswomen in Wuluhan are less educated because none of the undergraduate and graduate education of high school is also only 30% of the total population. While the rest craftswomen brown sugar, marital status and age of the membership can be seen in Table 4.2 below.

Table 4.2 Name List and Marital Status of Brown Sugar Craftswomen

No	Name	Marital Status
1.	Sri Ambarwati,	Married
2.	Siti Fatimah	Married
3.	Rejeki	Married
4.	Suprihatin	Married
5.	Imroatul Hamimi	Married
6.	Suplir	Married
7.	Sari	Married
8.	Mahmudah	Married
9.	Keslir	Married
10.	Sariyatin	Married

Source: Calculated Data

In terms of the length of a member, Artha Niaga largely been long enough that it ranges from four to six years by 60% while the rest ranging from one to three years. This indicates that they feel fit to join

Artha Niaga when they need access to funding. Table 4.3 shows the classification of membership age of ten respondents.

Table 4.3 Membership Age of Brown Sugar Craftswomen in Artha Niaga

Time Period	Amount (person)	Percentage (%)
1 – 3 years	4	40
3 – 6 years	6	60
Total	10	100

Source: Calculated data

With an overview of the demographic aspects of the above, it can be seen that all brown sugar craftswomen are housewives who once served in the family economy and they are also active as a member of Artha Niaga for a considerable period of time. This indicates the potential of the brown sugar craftswomen is actually still open for development. Meanwhile, from the aspect of economic empowerment, it can be observed that the amount of credit obtained by respondents is shown in Table 4.4.

Table 4.4 The Number Of Credit From Brown Sugar Craftswomen

Credit Amount	Total (People)	Percentage (%)
Rp. 1.000.000 – Rp. 2.000.000	4	40
Rp. 2.000.000 – Rp. 5.000.000	4	40
Rp. 5.000.000 – Rp. 10.000.000	2	20
Total	10	100

Source: Calculated Data

Loan size obtained by brown sugar craftswomen is very useful for the development of their businesses because it is designated as venture capital. With the capital injection of Artha Niaga their businesses can survive and even thrive quite well characterized by an increased amount of profits earned and they are motivated to continue to develop its business.

4.2 Discussion

One of the eight Millennium Development Goals program agreed by 187 countries including Indonesia are fighting for gender equality and women's empowerment. However, this program has not been fully achieved. Women's poverty is still a chore for Indonesia. Various programs to empower women empowerment both social, political, and economic health is still not optimal to reduce poverty and make women's productive and prosperous and empowered in all aspects of life. Poor women are still in large quantities and as difficult to escape from the cycle of structural poverty, natural and cultural that confines their lives.

Microfinance institutions should be able to become one of the pillars for the success of the eight MDGs, especially in terms of economic empowerment of poor women. With a more powerful economy will certainly be able to empower them in other aspects such as education, health, social and political. As reviewed in this study, demography brown sugar craftswomen are housewives. With its status as a housewife and also the micro, while they were living in a family with Javanese culture in which women are primarily responsible for the household's domestic affairs. However, on the other side of the mighty women is also helped prop up the establishment of the household economy. Not even a hint of the woman is actually the backbone of the family and took over the role of the husband as a source of livelihood for being a victim of layoffs or do not get a decent job. This phenomenon is never revealed in the study by Supeni & Sari (2011) while doing surveillance on target women Women's Studies Centre (PSW) in the village of Wirolegi UM Jember. Most of them are actually illiterate in entrepreneurship although they have very small in value but can sustain household finances without reducing the burden of responsibility for domestic affairs of the household. However, micro entrepreneurs' women either brown sugar craftswomen in Wuluhan and entrepreneurs women in Wirolegi face similar problems which have limited access to finance. For the strengthening of microfinance institutions, it becomes very urgent in women's empowerment.

Meanwhile, from the aspect of education, brown sugar craftswomen mostly poorly educated and only a small portion graduated from high school. While education is one of the main elements in the socio-economic development of a country, but in fact in the context of countries in Asia, education is not able to fully counter the economic and social constraints because of their gender inequality within families (Jayaweera, 2010). However, Rahmen et.al (2015) found that women were keen to continue their education if get the chance. This is in line with the study Rahman et.al (2009) which showed that age, education level and income level are the main factors that play a role in women's empowerment. While in this study despite the less educated, but they are still

enthusiastic about doing business producing small-scale brown sugar. Nevertheless, many brown sugar craftswomen are outside of respondents who chose to abandon this effort and become a labor abroad. For that, it is advisable to pay more attention to the education factor in women's empowerment.

The duration of membership in Artha Niaga respondents could be an indicator that they feel comfortable and underserved in terms of capital requirements to sustain the effort. On average they have become active members of more than three years. This shows the trust and loyalty that has existed among craftswomen sugar with Artha Niaga. A good relationship will ensure continuity of funding sources for them to continue to develop its business. It can be seen from the amount of credits earned by each respondent varied. Credit disbursement of their recognition of Artha Niaga is very useful to support their business operations so as to increase the income of craftswomen' brown sugar these. These results are in line with studies Nadeer (2008) which concluded that micro-financing is very important role in combating poverty and improving the lives of women better, the research results also strongly associated with children's education, income and assets. He confirmed the results of the micro-finance plays an important role in the empowerment of women, especially the education of children and family life better.

Thus the existence of microfinance provides benefits to increased prosperity in the economy which then also had an impact on raising better awareness about education, health, social life and family harmony. This is the main point of the MDGs program expected by all the countries that joined in it, including Indonesia.

5. Conclusion And The Limitations Of The Research

This study underscores the importance of attention to improving the quality of life for women in terms of education; household conditions were good and prosperous in connection with an increase in family life better. Two things are important role for women who have a dual role as both a housewife and also the micro that in this study were brown sugar craftswomen. For that, microfinance in this case plays an important role in women empowerment because it provides access to financial opportunities for brown sugar craftswomen which are difficult to obtain from financial institutions banking. With open access to finance, it will be easier for them to retain and expand its business which in turn will improve the education and health of their children at the same time as the social welfare of the family.

This study has many limitations i.e. the amounts of samples that are still few and limited in Wuluhan. Thus, for future studies, the future researcher

should increase the number of samples in scope. In addition, the aspect that is discussed is still limited, the next research should extend observed aspects so that it can be more comprehensive in discussing the issue about women's empowerment.

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