

WORKING CAPITAL MANAGEMENT MODEL IN WOMEN'S COOPERATIVES

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Abstract

The presence of Women's Cooperatives or also known as "Kopwan" in society is crucial for aiding the government in addressing economic challenges, reducing unemployment, enhancing family financial well-being, and tackling gender issues. Despite their significant role, the existence of Kopwan requires careful attention, as many face stagnation at the business level, attributed in part to challenges in effectively managing working capital. This qualitative descriptive research aims to elucidate the meaning, sources, and management of working capital for Kopwan, utilizing data gathered through interviews and observational methods. The qualitative descriptive approach is chosen for its ability to directly depict and interpret the phenomena occurring in the investigated field. The findings reveal that Kopwan views working capital not merely as money but also as trust and networks. The management of working capital in Kopwan encompasses planning, organizing, and monitoring stages, and the applied model has proven effective in helping cooperatives successfully navigate operational aspects and enhance financial performance.

Keywords: Management, Working Capital, Women's Cooperatives

1. INTRODUCTION

Women play a pivotal and central role within the intricate fabric of society, acting as key architects in the realization of familial well-being. It becomes increasingly imperative, particularly in the context of a burgeoning economy, to ensure the fortification of family resilience through augmented access to economic resources. The unique and indispensable role of women within cooperatives necessitates a concerted effort to underscore their significance, not only for their individual well-being but also for the holistic development of their families (Alfin, 2021). Furthermore, an economy buttressed by the empowerment of women catalyzes a broader and more impactful participation, akin to the influential role of a mother ascending the metaphorical stairs of household responsibility.

The imperative of economic development for the populace, achieved through the empowerment of cooperatives and small and medium-sized enterprises (SMEs), stands tall as a paramount goal in the national development agenda (www.bappenas.go.id). In the Indonesian landscape, the province of East Java emerges as a beacon of cooperative development. The East Java Provincial Government, through the Cooperative and MSME Service, has demonstrated considerable success in the establishment of Cooperatives or Women's Cooperatives or also known as "Kopwan," numbering 3,750 in 2009 and 4,250 in 2010. Despite their relatively modest scale, the significance of Kopwan in Indonesia cannot be overstated, as they effectively serve the government in ameliorating national issues ranging from unemployment to healthcare, education, and gender disparities. This commitment is further underscored by the formation of an additional 8,000 cooperatives

in 2010, each endowed with an initial capital injection of Rp. 25,000,000 (Department of Cooperatives & MSMEs of East Java Province, 2012).

The path to such accomplishments is, of course, not facile; it is a journey fraught with challenges and complexities (Haris & Puspaningrum, 2016). A decisive factor underpinning the achievements of Kopwan lies in the adept management of working capital and the unyielding perseverance in business development. The microcosmic operations of Kopwan, much like those of large corporations, are intricately woven with the effectiveness of working capital management, be it in the sphere of production or non-production activities. Recognizing the pivotal role of effective working capital management, these cooperatives strategically position themselves for sustained growth over extended periods, navigating through the ebb and flow of economic conditions.

At the heart of a company's vitality lies its working capital, a critical lifeline that underscores its performance across various dimensions. This underscores the necessity of meticulous attention to the components of working capital, encompassing cash, receivables, and inventory, with particular emphasis on the dynamics of short-term debt and financing periods (Kasmir, 2016). These components, serving as highly liquid and instrumental reservoirs of working capital, hold profound significance in the operational mechanics of a company (Arifin, 2018). Business proprietors must possess not only the acumen but also the agility to steer the ship of working capital management, extending this proficiency to the unique context of Kopwan's business areas (Bulan, 2015).

The operational capital for daily production within a Kopwan is drawn from its working capital. It becomes evident that the quantum of working capital required rises proportionately with the scale of output, directly impacting the profit margins of these cooperatives. Unfortunately, a considerable number of Kopwan stakeholders find themselves grappling with a lack of comprehension regarding the theoretical underpinnings of working capital management. This knowledge gap among Kopwan actors has led to the emergence of alternative systems of working capital management, often diverging from established theoretical frameworks. Nevertheless, this constraint does not serve as an insurmountable obstacle for Kopwan entrepreneurs, who persist in their efforts to scale their businesses, underscoring the utmost importance of integrity throughout this transformative process.

The outcomes of our study reveal a myriad of challenges faced by Kopwan concerning their working capital, including but not limited to limited access to capital, inadequate skills and technology, weak marketing strategies, and an environment marked by reduced competition (Wijaya, 2017). Consequently, the overarching management of existing working capital within Kopwan is deemed less than effective (Kusmayadi et al., 2019). It is pertinent to note the scarcity of existing theories addressing the intricacies of working capital within the realm of Kopwan. Furthermore, these cooperatives currently lack a standardized working capital management model, amplifying the necessity of our research, which seeks to serve as a pivotal framework for the development of an effective and tailored working capital management model explicitly designed for Kopwan. Hence, this study aims to develop a comprehensive and tailored working capital management model specifically designed for Kopwan, addressing the unique challenges and opportunities within the cooperative landscape. Through an in-depth exploration of the working capital dynamics, this research aspires to provide a foundation for enhancing the effectiveness and sustainability of Kopwan, contributing to the broader goals of national economic development.

2. RESEARCH METHODS

The research adopts a case study method, utilizing qualitative descriptive or quantitative research types. Case study methodology involves interpreting the perspectives of individuals engaged in an existing phenomenon, narrating and providing arguments about it (Sidiq et al., 2019). Data collection encompasses interviews, observation, and document analysis. Interviews were conducted with a loose structure guided by prepared guidelines, ensuring comprehensive yet relevant data aligned with research objectives (Samiaji, 2021). Primary data was acquired through snowball sampling, involving the chairman and treasurer of the Wanta Al-Hidayah cooperative and the head of the institutional section of the Blitar Regency cooperative. Observations were made directly on-site, allowing the researcher to draw conclusions from the incidents observed. Documentation included gathering archival data, documents, and images in the form of reports to support the research.

The data analysis, following Miles and Huberman's approach, encompasses four stages: data collection, condensation, presentation, and drawing conclusions (Huberman, 2014). To ensure data validity, triangulation was employed, incorporating source triangulation, technical triangulation, and time triangulation. This comprehensive approach aims to enhance the reliability and credibility of the research findings, providing a robust foundation for insightful conclusions.

3. RESULTS AND DISCUSSION

3.1. The Meaning of Working Capital According to Woman's Cooperatives (Kopwan)

The concept of working capital is integral to the seamless management of assets within a cooperative. For credit-based business institutions like Kopwan, working capital encompasses cash/cash equivalents and receivables. Cash, earned through borrowing from members, is crucial for Kopwan as it ensures the smooth functioning of savings activities. Without an adequate supply of cash or cash equivalents, borrowing operations cannot run normally, impacting development efforts. Additionally, receivables or credit to members play a significant role, especially for cooperatives managed by women. The amount of credit distributed reflects potential benefits, influencing the net results of cooperative efforts (SHU) at the end of the year.

Beyond the aforementioned definition, Kopwan also embraces broader understandings of working capital, encompassing trust and networks. In the cooperative development context, trust becomes a vital factor, extending beyond the relationship between administrators and members to include trust between administrators, supervisors, and intermediaries. The trust between management and members is pivotal as Kopwan administrators prioritize providing customized benefits to members based on their loan history. Furthermore, the traditional cooperative management model for women requires trust among directors, supervisors, and intermediaries, fostering positive relationships that impact cooperative performance and contribute to sustained business development.

Moreover, working capital holds significant meaning for Kopwan through networking. Given that many Kopwans lack robust marketing capabilities, the operational development of Kopwan relies heavily on the networks formed by management and members. According to Kopwan, a network is considered a form of working capital, as it increases public awareness and serves as a means for Kopwan to gain trust in society.

Consequently, the network possessed by Kopwan plays a pivotal role in influencing development efforts, and an expanding network increases the likelihood of forming secondary cooperatives and strengthening Kopwan's working capital.

3.2. Sources of Working Capital for Kopwan

In general, the majority of working capital for Kopwan originates from its members. Kopwan leverages two primary sources of working capital: internal and external working capital. Internally, Kopwan's working capital stems from primary savings (SP) and mandatory savings (SW). Additionally, internal sources of Kopwan's working capital include short-term debt (Hutang) and long-term debt (Simpanan Manasuka). On the external front, Kopwan secures working capital from government grants and third-party debt. This comprehensive approach aligns with Kopwan's working capital plan, ensuring a diversified and sustainable funding base for its operations.

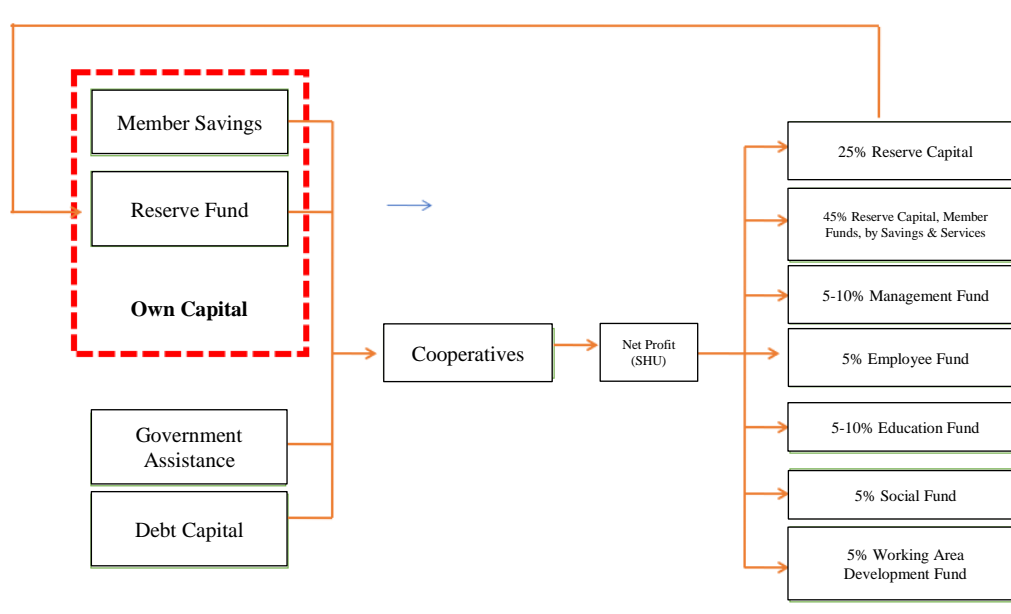


Figure 1. Sources of Working Capital Kopwan

Based on the visual representation provided, it is evident that priority cooperatives primarily derive their working capital from principal savings (SP) and mandatory savings (SW). While most developing medium-sized cooperatives demonstrate the ability to generate internal working capital beyond SP and SW, an exclusive reliance on third-party financing poses inherent risks for Kopwan. However, a sole dependence on working capital from SP and SW may impede cooperative development. Innovative cooperatives strategically explore diverse savings models to stimulate public or member interest and foster increased participation in the cooperative.

3.3. Kopwan Working Capital Management

Working capital management is a theoretical framework that encompasses planning, implementation, and evaluation stages. It specifically pertains to the management of short-term assets and obligations within the cooperative. The budget planning undertaken by Kopwan aims to determine monthly credit targets and operational

requirements. This planning initiates with the meticulous preparation of cooperative work program plans and budgets at the conclusion of each fiscal year. These activities divulge intricate details of future programs, whether commercial or otherwise, and the corresponding budgetary allocations required for seamless program implementation.

Within the ambit of working capital planning, Kopwan accentuates the management of cash flow and receivables. Effective internal cash management in operational trading is paramount for ensuring the sustained viability of Kopwan's operations. Kopwan strategically plans its cash flow by delineating monthly loan targets, subsequently aggregated into annual projections. Receivables management is of critical importance to Kopwan's business sustainability. The establishment of a loan committee, entrusted with deciding on loan fund requests from members and prospective members, ensures the judicious and effective disbursement of loans (Prihadi, 2019). The committee diligently evaluates loan applications, rendering decisions to either "approve" or "reject" them.

In instances where a candidate borrower maintains a preferential connection with panel members, such as blood relations or kinship, those panel members are precluded from voting. Instead, they may be substituted by another official appointed by the remaining panel members. The oversight of receivables by Kopwan involves a meticulous assessment of the amount of loans disbursed and the profile of the member submitting the loan application. Any incongruence between the amount of receivables extended and subsequent member repayments signifies a potential credit issue, necessitating prompt attention and resolution.

4. CONCLUSION

Kopwan's unique interpretation of working capital extends beyond monetary considerations, incorporating skills, human resources, and networks. This inclusive perspective encompasses non-financial aspects, such as intellectual and social capital, recognizing their equal significance alongside financial resources. Kopwan's holistic approach underscores the interconnected nature of these elements, collectively shaping the sustainability of operational activities. This broad interpretation aligns with Kopwan's commitment to comprehensive working capital management, acknowledging the importance of intellectual and social dimensions for effective cooperative functioning.

The acquisition of working capital for Kopwan involves internal and external financing. Internally, Kopwan relies on funds from Principal Savings (SP), Mandatory Savings (SW), and government grants, while external sources include Voluntary Savings and, in some cases, third-party financing through secondary cooperatives. This diversified funding approach highlights Kopwan's strategic commitment to establishing a robust working capital foundation. The systematic management of working capital at Kopwan, spanning planning, organizing, and monitoring stages, emphasizes the organization's integrated approach to achieve desired goals consistently.

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