

The Role of PKK Saving Loan Against Community Economic Empowerment Malang City

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ABSTRACT

PKK savings and loans activities are an activity that flows from members' deposits or commonly called savings and money from member deposits will be turned into loans for members. The purpose of holding this savings and loans activity is to assist the community in flowing unused funds and assist the community in meeting the needs of the pressed or who are dependent on loan shark debt. In order to get deeper results, this study used the descriptive method of quality. Family Empowerment and Welfare or PKK rt 4 is located in rt 4 rw 12 Purwodadi village, Blimbing district, Malang City. The purpose of PKK rt 4 in the role of savings and loans is to reduce the community's dependence on loan sharks and provide business capital to small sector businesses that are still in the context of rt 4. The role of Savings and Loans in community economic empowerment, especially in reducing dependence on loan sharks, has been going well so some members have switched because the interest is lower than loan sharks and the interest itself will be distributed thoroughly to members in the form of Residual Business Results (SHU) at the end of the period.

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INTRODUCTION

This section contains situation analyses, issue formulation, objectives, and community development advantage.

Indonesia is one of the countries that wants to prosper its people, this is mentioned in the preamble to the 1945 constitution in the fourth alenia mentioning that the welfare of the community is the purpose of helping the establishment of the Republic of Indonesia. For example, what the Indonesian government is doing is keeping inflation balanced, helping in the form of poor rice, assistance for schools and there are several programs made by the government to improve the welfare of the people.

The role of the community is also important to help the government programs to help make society more prosperous. Teja (2015) explains that to be able to assess welfare, namely by assessing the economic situation of the family. By explaining that the need for the management of the economic financial economy is well organized because the Indonesian people are consumptive people. According to the results of research conducted (Siregar, 2019) in society the fundamental thing is the family because from the family it is helped by the state economy to meet its needs, therefore financial management in the family is managed by housewives. This shows that the role of housewives contributes to improving the family economy which indirectly also improves family welfare.

Empowerment by the government is carried out because of economic problems with the community which are getting worse due to debt. According to Hongren et al, (2006) in the journal (Parera, 2017) debt is an obligation that is paid in the future. Debt occurs because it requires funds to cover urgent matters such as sick families who need a lot of funds but it can also be because it is only to meet a lifestyle that is not based on rational considerations, considering the consumptive Indonesian society (Sumartono, 2002) in a journal (Fitriyani, Widodo, and Fauziah, 2013). Therefore, people's welfare can depend on financial management between income and expenditure in order to balance their finances. Because income is smaller than expenses, it requires debt in order to meet needs that cannot be met by income. And vice versa, if the income is greater than the expenditure, it can be saved just in case there is an unstable financial problem.

In improving family welfare, a PKK institution was formed or called Family Welfare Empowerment. The purpose of the formation of the PKK is to empower the community so that it can help improve the community's economy as a whole (Aslichati, 2011). PKK members consist of housewives who are intended to empower families in community organizations to participate in improving welfare in Indonesia. As stated in the Regulation of the Minister of Home Affairs No. 36 of 2020, there are 10 main programs that are the basis of the PKK institution or Family Empowerment and Welfare, aimed at seeking the fulfillment of needs in order to realize family empowerment and welfare, one of which is the cooperative life development program, which is manifested in the activities of savings and loans

business units (Permendagri No. 36 2020).

PKK savings and loans activity is an activity that flows from member deposits or commonly called savings and money from member deposits will be turned into loans for members who want to borrow some funds. The purpose of holding this savings and loans activity is to assist the community in flowing unused funds and assist the community in meeting urgent needs such as debt with the flow of loans from funds in the savings of PKK members. Many PKK members borrow money from institutions because they have to pay old debts in some places and want to cover them again by going into debt again, such as the proverbial "Dig a hole, close a hole" have no savings or investments and live feeling overwhelmed even though the amount of income increases but still lacks (Hariani at al., 2019).

The amount of debt in the community is increasing which can have an impact on poverty because the income earned is only partially paid for debt. But in addition to borrowing, the PKK also provides a savings program for mandatory and voluntary savings. Because PKK members keep their funds in institutions, the funds can be allocated to other members by lending them. Therefore, the purpose of this study is to find out the role and mechanism of PKK savings and loans in helping the economic empowerment of the community in debt dependence on loan sharks by using a qualitative approach to get more in-depth results.

LITERATURE REVIEW

PKK

The PKK Community Institution or can be known as Community Empowerment and Welfare is a national movement in society whose management is from, by and for the community towards the realization of a family that has faith and devotion to God Almighty according to the Regulation of the Minister of Home Affairs No. 36 of 2020 (Jovani, 2016). PKK through its program aims to empower the community through so that the community can improve welfare towards a family of faith and devotion to God Almighty, noble character, independent, healthy and legal and environmental awareness.

In 1957, PKK originated as a community development movement in Bogor and was based on the lessons of family welfare education. And after ten years after its inauguration, the main points of the PKK were further developed by the wife of the Governor of Central Java, namely Mrs. Istriati Moenadi into 10 aspects of the PKK which includes "the passion and practice of pancasila, mutual cooperation, food, housing clothing, housing and household management, education and skills, health, development of life withoperations, environmental sustainability, healthy planning".

The primary purpose of PKK is a movement in community life to help improve welfare in the family because the family is included in the smallest group in society. If the family is prosperous, it can affect

the nation's peace, harmony, and peaceful life. Therefore family welfare can be a reference in the development of equitable development in society (Susatin, 2019).

Therefore, the general goal of improving family welfare through the PKK is assisted by implementing the 10 main PKK programs. It is hoped that with the PKK programs, people can prosper at all levels of society, from the lowest to the top, whom PKK cadres or administrators assist in economic, social and health terms. One of the cooperative life development programs, the savings and loans program and the artisan program, can help improve members' household economy or help PKK members experiencing economic difficulties.

Savings Loans PKK

According to Hasibuan (1996) savings and loans are activities that collect in the form of loans and redistribute in the form of loans to members in need, which aims to avoid loan sharks who will harm the community with loan interest. Many PKK members borrow money from institutions because they have to pay old debts in some places and want to cover them again by going into debt again, such as the language "Dig holes, close holes" has no savings or investments and lives feel drained even though the amount of income increases but still lacks (Hariani et al., 2019). The amount of debt in the community is increasing which can have an impact on poverty because the income earned is only partially paid for debt. But in addition to borrowing, the PKK also provides a savings program for mandatory and voluntary savings. Because PKK members keep their funds in institutions, the funds can be allocated to other members by lending them.

PKK savings and loans are slightly different from the bank system, such as savings and loans are only intended for members of PKK institutions. This is so that PKK savings and loans do not have collateral that needs to be submitted, because in PKK member deposits can be used as collateral for member loans (Panglipursari and Mardiana, 2019). So PKK savings and loans always provide convenience to its members unlike other institutions. Meanwhile, PKK profits can be taken from SHU reserves, and capital from members' savings is expected to be a source of funds for PKK to carry out cooperative life programs (Istanto and Rabani, 2022).

From some of the above theories, it can be concluded that PKK savings and loan activities are the same as savings and loan cooperatives because one of the PKK programs is a communal life. Savings and loans are funds from members collected and then distributed in the form of loans to other PKK members, with conditions for the amount, time, and interest and without collateral in PKK savings and loans. The PKK's income source can be from interest on members' loans, which are withdrawn as reserve remaining operating results (SHU).

Community Economic Empowerment

Community Empowerment is an effort to improve the dignity of the community in conditions that are still trapped in poverty, for that the purpose of community empowerment is to lead the community to be independent and independent of poverty to a better level according to Kartasasmita (1996) quoted from (Margayaningsih, 2016).

Poverty can occur because people who have been dependent on debt to meet their needs and lifestyle, so the economic empowerment of this community is important to achieve the state goal of the Republic of Indonesia, namely the welfare of its people. So the PKK community institution was formed to deceive the economic situation of the community in one of its programs, namely savings and loans.

MATERIAL AND METHOD

The method used in this study uses qualitative descriptive methods. According to Sugiyono (2015) revealed that qualitative research is one of the research procedures that produce descriptive data that is observed in a whole point of view. This study used 2 data sources, namely:

1. Primary Data

Direct observation is a study to obtain primary data, with direct observation from respondents with interview methods and documentation to a number of sources who have been selected in this study.

2. Secondary Data

This research seeks data related to this research from various sources, namely reading books, journals and so on.

To obtain primary data, it requires the number of informants as many as 2 informants from the management or mobilizers of the PKK rt 4 as well as PKK members who have been helped to use the savings and loans program to overcome debt dependence from loan sharks. The location chosen for this study is the PKK rt 4 institution located at RT 4 RW 12, Purwodadi Village, Blimbing District, Malang City. The selection of objects was chosen because many people in the smallest organization in the community are still not prosperous because they are still dependent on loan shark debts, one of which is in RT 4 RW 12, Purwodadi Village, Blimbing District, Malang City.

RESULT AND DISCUSSION

Overview of Research Objects

PKK or Empowerment and Family Welfare RT 4 is located in RT 4 RW 12 Purwodadi village, Blimbing district, Malang City. The PKK was established to support Indonesia's development with 10 main PKK programs. The role of the PKK can prevent various problems in the community such as

suppressing child health problems, pregnant women to the elderly. According to the Chairman of the PKK RT 4, Mrs. Rudi said:

"PKK RT 4 was established with the aim of providing information from the village so that it can be conveyed and accepted by the smallest layers of society such as health, population, education, economic and social service programs with examples of family planning programs, infectious diseases, non-communicable diseases, toddlers, the elderly and so on with the intention of being able to prosper the community through intermediary media, namely PKK RT".

The PKK RT 4 consists of 53 members who were explained in an interview with the chairman of the PKK RT 4 Bu Rudi on October 8, 2022. PKK activities are carried out at least once a month with many activities whose purpose is to empower the community. In PKK RT 4 is carried out by PKK administrators such as the Chairman, Treasurer, Secretary, and consists of working groups on savings, loans, social gatherings, basic necessities and jimpitan. PKK members must first meet the following requirements:

1. Live in neighborhood RT 4 RW 12
2. Placing shares or deposits of IDR 150,000
3. Pay mandatory savings of IDR 20,000
4. Pay voluntary savings

Shares or deposits will be given back when the member has relinquished the membership as a member or cadre of PKK RT 4.



Figure 1.
Association of PKK RT 4

Overview of Research Objects

Provisions for Savings and Loans PKK RT 4

In addition to distributing programs from the government, the PKK added several activities to help rotate funds such as savings and loans activities. According to bu rudi, the purpose of PKK RT 4 in the role of savings and loans is to reduce people's dependence on loan sharks and provide business capital to small sector businesses that are still in the RT 4 environment.

In saving activities, members earn interest which will be redistributed in the Remaining Member Proceeds (SHU), SHU based on Law No.25 of 1992 Article 45 Paragraph 1 quoted from (Saharuddin, Haedar, and Syamsul 2016) Remaining Business Results are income earned within a period of one year which has been reduced by the necessary and related costs. SHU is obtained through compulsory and voluntary savings with calculations from 25% in the first month, 20% in the second and third months, 15% in the fourth month, 10% in the fifth month and so on. Later the SHU will be distributed once a year, the SHU will be distributed first for mandatory and voluntary savings with the interest above, then distributed again to the PKK management with the official provisions of the PKK RW and the rest of the SHU will be distributed equally to fellow members in the form of gifts.

To do savings and loans the condition is the principle of trust and mutual assistance, trust plays a role in savings and loans made by members. According to the regulations, members who want to apply for a loan must apply to the loan section of the PKK RT 4 management and then review it by the chairman of the PKK RT 4 by assessing subjectively by adjusting the needs and ability of members to repay.

In borrowing activities, if a member borrows funds at PKK RT 4 then they are required to pay interest of 10% of the loan and must be paid 3 months, if any member has not been able to pay in 3 months, it will be extended again in 3 months. This interest will be the turnover of funds and payment of SHU at the end of the period. If members cannot pay, they will be subject to social sanctions such as booing in front of the public so that there is shame (Wijaya, 2022).



Figure 2.
Discussion of Savings and Loans PKK RT 4

The Successful Role of PKK RT 4 Savings and Loans in Overcoming the Problem of Dependence on Loan Sharks

The lending mechanism to PKK RT 4 institutions is classified as very fast and not as troublesome as the lending mechanism to commercial banks. One of the factors that people are reluctant to borrow with banks or other financial institutions is because of the length and complexity of savings and loans that must be passed (Bank Indonesia, 2012), so this loophole is usually used by loan sharks.

The conditions proposed to get funds from loan sharks are only photocopies of ID cards and without any guarantees anymore but the negative impact of borrowing from loan sharks is very much starting from administrative costs, very large interest. So to release the community's dependence on loan sharks, the PKK provides savings and loans activities that help the community's economic welfare.

In an earlier study (Paksi, 2015) said that informants no longer borrow from loan shark cooperatives since joining the Posdaya Bougenville savings and loans and have more savings and loans transactions. Likewise, the narration of the source of this study, Mrs. Sunarti, who has experience dealing with loan sharks and is now more moving to PKK RT 4 savings and loans activities, revealed:

"Because of the mechanics of applying for fast loans such as with loan sharks, there is no guarantee but the interest to be paid is not too large. Mrs. Sunarti revealed that the existence of this savings and loan really helped improve her family's economy.

The chairman of PKK RT 4 said that there is no guarantee and only trust is a condition for borrowing because PKK members are residents who live in the RT 4 environment and at the beginning have entered deposits and mandatory and voluntary savings. In previous research by (Panglipursari and Mardiana, 2019) that in savings and loans activities in PKK members can borrow additional capital without having to be complicated and collateral, what is asked is the honesty of members and responsibility for the loans that have been made.

The management of this fund can quickly rotate because mandatory and voluntary deposits are managed so that it can become a loan fund for members, therefore the loan term is only 3 months and borrowing is limited so that there are still funds available if at any time other members want to take out their voluntary savings. In addition to offering debt and credit, PKK RT 4 also offers how to manage finances so that people do not get entangled in moneylenders, such as research conducted by (Nursulistiyo and Mahendra, 2019) that the main activity of eradicating moneylenders is carried out by counseling on family financial management.



Figure 3.
Interview with Mrs. Sunarti as the Respondent

CONCLUSION AND RECOMMENDATION

Conclusion

Based on the results obtained by researchers in the field, it can be concluded that the first, in PKK RT 4 has a simple and flexible organizational structure but this organization does not rely too much on one power holder because power is actually held jointly by members through Member Meetings. The existence of the chairman is only to be the holder of responsibility in several fields such as health, population, education, economy and social services.

Second, the savings and loans mechanism in PKK RT 4 is relatively fast and uncomplicated, such as, members apply to the loan section, then reviewed by the Chairman of PKK rt 4 whether they are worthy of a loan or not, after that if they are worthy of liquid funds with a 3-month repayment period with 10% interest.

And finally, the role of savings and loans in the economic empowerment of the community, especially in reducing dependence on loan sharks, has been going well so some members have switched because of lower interest rates and members receive more benefits because they get the remaining business results at the end of the period.

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