

## The Application of Join Responsibility System for Minimizing the Risk of Credit (Study on Woman Cooperation "Cahaya Pertiwi" Blitar Regency)

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### Abstract

The aim of this research is to understand the system of join responsibility for minimizing credit risk. Realizing the active participants can be applied by join responsibility system. Join responsibility has some elements that are able to improve the sense of togetherness among the participants. They are group, obligation, and rule. The local values contained in join responsibility system are togetherness, honesty meeting, open minded, and responsibility. Those can change the behaviour of the members to be more discipline, honest, and responsibility about the right and obligation to fill their load on time. The accuracy of the payment time period can minimize credit risk. Therefore, the capital running out of cooperation would be smoother and fast developing

Key Words: *Join responsibility, Risk credit, Woman cooperation.*

### INTRODUCTION

Women's cooperation as one of the containers of economic activity at a village has a strategic position in the local economy moving, because cooperation of women is able to empower women, grow up new entrepreneurs of micro and small scale, and prevents urbanization and improving people welfare.

Unit of cooperation plays a role in creating a productive economy. One of the advanced economies is driven from the Cooperation sector and MSMEs. Therefore, the existence of cooperation must continue to be strengthened. As microfinance institutions, cooperative significantly play a role for increasing the capital turnover quickly, cheaply and without any collateral or guarantees. To expedite capital turnover and overcome all risks of credit defaults, it is inseparable from participating member. Widiyati (2010) states one of the important problems that exist in the body of the cooperation is the problem of participation of cooperation members. Hendar, Achma (2004) explains members become a starting point that determines the process of participation takes place. The role of members as cooperation service users requires the members that can participate in the use of existing business services in cooperation according to the types of cooperation's business.

Supriyanto (2011) explains cooperation's efforts for realizing the active participation of all the members that can be done by applying the join responsibility

system, because the system contains the same enthusiasm to be carried and light to carry. It means togetherness. Puskowanjati (1999), joint responsibility is a system that includes responsibility among the members of one group, over all obligations of members of the cooperation with open minded and trust base. Joint responsibility system has some functions:

1. Assisting control the risks of specific businesses for savings and loan activities, which arise from the attitudes and behavior of members who do not meet the requirements (to carry out their obligations and duties)
2. Assisting for creating attitudes and behaviors: deliberation, mutual trust, discipline, open minded and togetherness as well as responsibility

The basic values of joint responsibility:

1. Togetherness
2. Open minded and believes
3. Discussion
4. Discipline
5. Responsible

On the other hand, the specific characteristics of joint responsibility: The existence of group members, meeting members consistently and on time as well as the ethical development of members in the group.

The elements of responsibility range:

1. Group

It is a joint responsibility group consisting of several members who are in one area that knows each other and is formed on the basis of agreement of all members. In one group, there is a chief named PJ who will coordinate group activities. Everything that concerns the group's interests including the acceptance of prospective members, the loan amount and group activities will be decided based on group agreement. Therefore, the consequences of decisions taken will be a shared responsibility.

2. The obligation.

Puskoanjati in the "Handbook for companion Kopwan (woman cooperation) East Java" with joint responsibility system explains the obligation that must be implemented members in the system of collective responsibility here by attending regular meetings of the group. Paying principal savings and mandatory savings and deposits others that have been set by the cooperation, pay loan installments on time, held deliberation, obey all the rules that have been set in the AD / ART and other regulations, co-developed members and keep survival and good name of the group.

3. Regulation

In each rules are must set strictly among awards and services. This regulation is a set of rules that must be obeyed by cooperation's members consisting of:

- a. AD / ART Cooperation
- b. Special Regulations
- c. Rules in groups

Application of join responsibility system is also able to make changing in the behavior of members. Behavior is based on the values of local wisdom, namely ; togetherness, deliberation, honesty, open minded, discipline and responsibility which are then better known as joint values of responsibility. The values that exist in this joint responsibility are able to minimize the risk in the cooperation. The risk in this cooperation is usually the existence of a possible action or event that has an impact contrary to the stated purposes. Credit risk as the risk of loss, relating to the borrower who cannot and or does not want to fulfill the obligation to pay the funds that he lends regularly at the deadline. The risk arises because of the uncertainty about repayment of loans; there are several factors that cause uncertainty, namely:

1. Human factors ( *human uncertainties* )  
For example the existence of laziness does not want to fulfill his obligations, dishonest, sick, do not have funds and so on.
2. Economic factors ( *economic uncertainties* )  
Economic factors for example due to changes in prices, decreased demand, decreased purchasing power changes in interest rates, and increased demand and so on.
3. Natural factors ( *act good* )  
These natural factors, for example, are caused by natural disasters such as floods, landslides, earthquakes, long drought, and so on.

Upacaya (2015) for micro, small and medium credit with a certain amount of credit quality, the accuracy can be seen from the credit collectibility of the payment accuracy:

1. Liquid (Collectibility 1), if the payment is not timely due to arrears.
2. In Special attention (collectibility 2), there are overdue payments until 90 days.
3. Not too liquid (collectability 3), that there are arrears of payment to 120 days.
4. Doubtful (collectibility 4) if there are arrears in payment up to 180 days.
5. Getting stuck (collectibility 5) if there are arrears in principal payments over 180 days.

To anticipate stuck of cooperative credit in is lack of monitoring and supervision in cooperation. In addition, the awareness of members to keep the existing of cooperation is the major determinant in the viability of the cooperative effort. In a system of join responsibility can be done by caring attitude to the fellow members in a group that arises. The progress of cooperation depends on the members' awareness of their rights and obligations. The values of togetherness, honesty and discipline can shape the behavior of members to be on time in fulfilling their obligations. The on time in fulfilling obligations or payment of responsibilities will facilitate cooperation capital turnover, so that the risk of loss will be immediately overcome.

## RESEARCH PROBLEM

Based on the background, the problem of this research is "How does the application system of joint responsibility in minimizing stuck credit risk in woman cooperation 'Cahaya Pertiwi' Blitar?"

## RESEARCH OBJECTIVE

The objective of the research is to determine the implementation of the Joint Responsibility System in minimizing the risk of bad credit at Kopwan "Cahaya Pertiwi" Blitar Regency.

## RESEARCH METHOD

### Types of research

This research uses qualitative descriptive research. The aim is to create a descriptive systematic, actual and accurate account of the events or properties of a particular object. The situation does not test hypotheses or make predictions with the following steps; describing problems explicitly, determining how the research procedures, collecting data, processing and analyzing data.

### Research Subject and Object

The subject of this research is the application of joint responsibility in credit disbursement in cooperation while the object is the members of the cooperation who borrow or as the doer of credit transactions in the cooperation.

### Data Collection

#### a. Active role observation

Observation, how data collection is done by doing direct observation on the object of the research and recording systematically about the things studied.

#### b. Deep interview

Conducting question and answer to the respondents for elaborating problems studied and the researcher is eager to know the things of respondents deeply.

#### c. Documentation method

Researcher employs the documents originating from the vital records of the institution or organization related to want of any of the individual. This documentation can be in the form of pictures, writings or monumental works taken by researcher to strengthen the results of researchers (Hamidi, 2004: 72).

#### d. Triangulation method

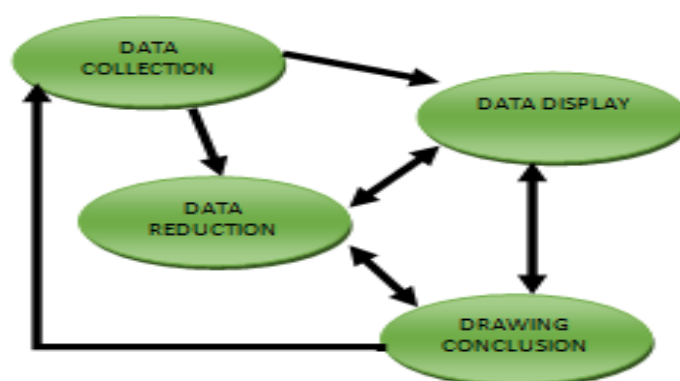
The method is used by combining the three methods above. The observation method plays an active role than the interview method and the documentation method. This method directly tests the validity of the data by checking the data with different techniques of data collection from the various sources.

### Data analysis technique.

It applies data analysis techniques model of interactive analysis model of Miles and Huberman (*Prof.Dr.Sugiyono 2008 Research Methods Quantitative and Qualitative Research pg.:246-252*). Miles and Huberman's interactive analysis is a model of analysis consisting of:

1. *Data Collection*
2. *Data Reduction*
3. *Data Display*
4. *Verification /drawing conclusions*

Figure 1  
Interactives Analysis Model by Miles dan Huberman

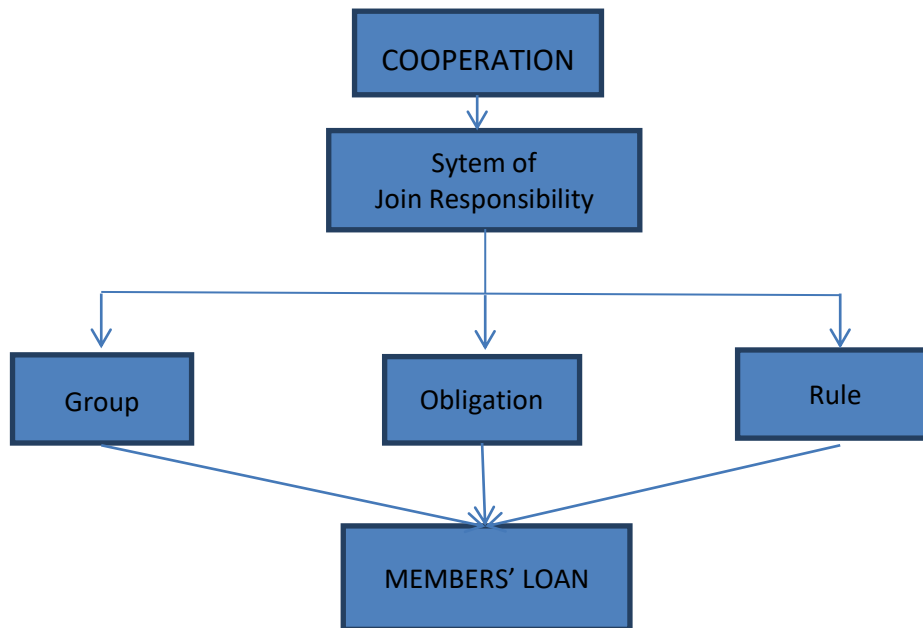


### Data Validation Techniques

Validation is the forms of the overall boundary of the data obtained and truly the desired variable from the process of collecting the right data to draw conclusions as a result of research. There are types of validation, namely *internal validation*, *generalization level validation* and *relevance validation* (Daymon & Holloway, 2008: 140). Internal validation of this research is done by membercheck to the informant by showing different data. Therefore, reconfirming that involve interpreting of the researcher and perceptions of the people involved.

## RESEARCH CONCEPTUAL FRAMEWORK

Figure 2  
Research Conceptual Framework



## FINDING AND DISCUSSION

Join responsibility is a system used in Cahaya Pertiwi women's cooperation where group members have shared a responsibility for the benefits and risks occurred in cooperation management both due to negligence of execution and risks caused by negligence of members. Three elements in the join responsibility system:

1. Join responsibility group.

It is a collection of members in a number of assistants based on residences that are close together. Women's cooperation "Cahaya Pertiwi" village of Gogodeso applies the system of collective responsibility shared into 4 groups: Group 1 Dogong hamlet, Group 2 Serut hamlet, Group 3 Ngade hamlet and Group 4 Gogodeso hamlet. Each group has a person that must be responsible for all members called PJ. Each new candidate member who wishes to become a member of the cooperation must have the approval of the group with the acceptance of the Group Person in Charge (PJ), besides there are several requirements that must be fulfilled by candidate members:

1. Gogodeso Village residents as evidenced by (KTP/Identity Card)
2. Filling the form
3. Obtaining approval from the group members.
4. Paying Principal Deposits
5. Paying cash for join responsibility

This is clearly stated by Mrs. Wiji who manages Kopwan (Women's Cooperation) Cahaya Pertiwi;

"... our Kopwan join responsibility system is divided into 4 groups, 4 hamlets. Each group has a PJ. Candidate members through the PJ's list, debt installments also through PJ. When annual group meetings held, PJ deposits to the treasurer of the cooperation. Once a month, there is a group meeting and the cooperation meeting..."

The chief or PJ in the group is tasked for coordinating group activities as evidence. It is known as routine group meeting activities.

## 2. The obligation

The awareness about the fulfillment of its obligations as a member of the cooperation is done by attending regular meetings of the group, paying principal savings, paying deposit required, paying cash join responsibility, and paying the loan installments. Join responsibility cash in this group is used if there is one member who has difficulty in instalments. It can use or borrow join responsibility cash. As a result, when PJ/chief deposits members' loan instalments, there are no dependents due to lack of instalments. So that, the financial books of the cooperation are more manageable and turnover cooperation's finance runs well.

## 3. Regulation

The regulations are strictly regulated regarding the list of names of the founders, the purpose and objectives of the cooperation's business, the terms of membership, the provisions regarding the meeting of members, the provisions concerning management, the provisions concerning capital and the provisions concerning the distribution of SHU. These provisions are regulated in the articles of association and by laws (AD/ART). Regulations that have been stated in the (AD/ART ) Cooperation Statutes / By-Laws and all members must obey the rules that have been written in it.

Figure 3  
System of Join Responsibility Group

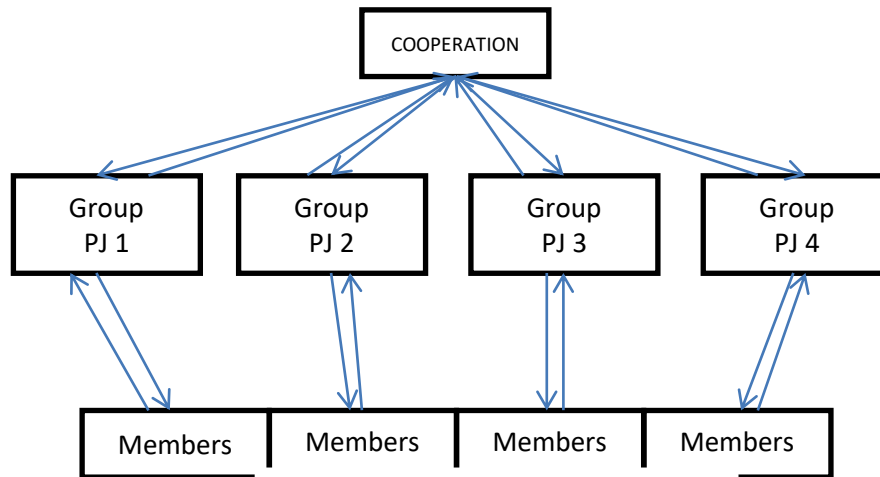
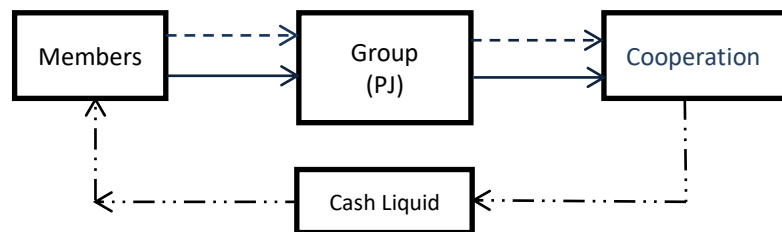


Figure 4  
Flow of loan and return



Keterangan:

-----> = registration

————> = loan return

- - - - -> = cash liquid to the member

Members who wish to borrow in cooperation. First, they apply for a loan by filling out the form of loans that have been approved by the members of the group and approved by the chief of the groups. Secondly, the form is forwarded to the board of the cooperation by the chief. Thirdly, it obtains the approval of the cooperation board. The last, the fund is distributed to members through PJ. The loan repayment process, members pay back through the join responsibility group and if the member is having difficulties instalments, it can borrow using join responsibility cash. Then, the person in charge of the join responsibility group deposits to the cooperation.

The values of wisdom in join responsibility include togetherness, deliberation, honesty, open minded, discipline and responsibility. The existence of ties in a group in the principle of kinship will bring a sense of togetherness. The togetherness can be interpreted if there is a benefit that can be felt together and if there is a risk it can be



shared together. This sense of togetherness raises high social sensitivity towards group members.

It also will further strengthen the sense of kinship and togetherness in groups. It creates of honesty, mutual trust, deliberation, discipline and responsibility which are shared values in joining cooperation. Discipline and honesty that lead all members always fulfill all obligations. in the cooperation. They pay the loan in accordance with the time specified by the cooperation. So that, the cooperation's capital continues to spin and can be used by other members in need. The smooth operation of this cooperative will have an impact on the SHU received by members, the faster the turnover of the capital the more profits the cooperation will receive and the more SHU will also be received by the members.

## CONCLUSION

The cooperation progress depends on the participation of the members. Delayed members for paying their obligations will pose a risk of cooperative congestion. High attention of the identity of the cooperation to all members is the main point in growing the loyalty and participation of members. Join responsibility as a system used by the cooperation for managing businesses in expediting the payment of members' dependents. The values contained in the join responsibility; togetherness, honesty, responsibility and discipline. The elements in join responsibility include; the existence of groups, obligations and regulations is able to foster responsible behavior as well as discipline in meeting their obligations to pay their responsibilities. At last, the risk of crunch loss can be minimized.

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