



The Role of Activity Management Units in Optimizing the Women's Savings and Loans Program to Improve Community Welfare and the Local Economy

Riska Puspita Sari^{1*}, Triyana Wulandari²

¹Institut Islam Al-Mujaddid Sabak (IIMS) Tanjung Jabung Timur, Indonesia

²Institut Islam Al-Mujaddid Sabak (IIMS) Tanjung Jabung Timur, Indonesia

*Correspondent Author: riskapuspitasari@gmail.com

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Abstract:

This study explores the role of the Activity Management Unit (UPK) in optimizing the Women's Savings and Loans Program (SPP) to improve community welfare and local economic resilience in Dendang Subdistrict. Rooted in concerns over rural poverty and income inequality, the research investigates how UPK facilitates access to financial resources for women while fostering participation and institutional trust. Using a qualitative case study approach, data were collected through in-depth interviews, direct observations, and analysis of official documents to capture the contextual dynamics of the program. The findings reveal that UPK plays a multifaceted role as a financial manager, community facilitator, and institutional actor. Women participants reported improved access to capital, increased confidence in managing household and business finances, and strengthened social cohesion within loan groups. The study also identifies operational challenges, including limited digital infrastructure and generational gaps in participation. By drawing on empowerment theory and social organization frameworks, the research demonstrates that UPK's participatory structure enhances women's agency and reinforces collective development. The implications of this study offer valuable insights for strengthening grassroots financial initiatives and shaping gender-responsive policies in rural development contexts.

Keywords:

Activity Management Unit, Women's Savings and Loans Program, Economic Empowerment, Community Welfare.



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INTRODUCTION

The issues of poverty and economic inequality continue to pose critical challenges for national development in Indonesia, particularly in the context of rapid globalization and urbanization. As of 2022, 10.19% of the population still lives below the poverty line, reflecting deep structural gaps in access to resources and economic opportunities (BPS, 2022). These disparities are not only detrimental to social justice but also threaten national security by exacerbating marginalization and weakening social cohesion. In response, both government and civil society organizations have implemented various community-based economic development programs, especially targeting micro and small enterprises (MSEs), as strategic efforts to foster inclusive growth and improve living standards in rural and suburban areas.

One such initiative is the Women's Savings and Loans Program, which integrates principles of Islamic finance and participatory development to enhance women's economic capabilities. Managed by the Activity Management Unit, the program offers access to micro-capital and basic

financial services tailored to the needs of low-income women. While its implementation has been widespread, empirical studies examining the effectiveness of UPK in optimizing the program, particularly in specific localities like Dendang Subdistrict, remain limited. A deeper understanding of the mechanisms, challenges, and transformative impacts of UPK's role is therefore essential to ensure the sustainability and scalability of the initiative in achieving community welfare goals.

This study is anchored in two main theoretical frameworks. First, Kabeer's (2005) theory of women's empowerment underscores the importance of expanding women's access to economic resources and strategic life choices, especially in settings where gender inequality is structurally embedded. Second, Putnam's (2000) theory of social organization emphasizes that community development depends not only on material resources but also on social capital, trust, and the integrity of local institutional structures. Both perspectives provide a comprehensive lens to interpret the UPK's function in facilitating participatory financial practices that empower women and enhance economic resilience at the community level.

The present study seeks to address the following research questions: (1) What are the key factors influencing the role of UPK in managing the SPP program in Dendang Subdistrict? (2) To what extent does UPK's role in optimizing the program contribute to improving community welfare and the local economy? The primary objectives of this research are to identify and analyze the variables affecting UPK's capacity to manage the SPP, and to assess the impacts of that role on the socioeconomic well-being of program participants.

This article offers theoretical and practical contributions to the field of community economic development. Theoretically, it expands the discourse on women's empowerment by contextualizing institutional roles in grassroots financial inclusion. Practically, it provides insights into the operational dynamics of UPK and their potential as models for community-based financial institutions. Furthermore, the study's findings may inform policymakers, development practitioners, and community leaders in designing more adaptive and gender-responsive financial empowerment strategies for rural Indonesia.

The theoretical foundation of this study is primarily based on two interrelated frameworks: the Theory of Women's Empowerment by Naila Kabeer (2005) and the Theory of Social Organization by Robert D. Putnam (2000). Kabeer's theory conceptualizes empowerment as a process that enables women to make strategic life choices, particularly in contexts where such agency was previously denied. It emphasizes access to economic resources, agency, and achievements as interconnected elements of empowerment. This theory is particularly relevant in examining how financial access through community programs can enhance women's economic autonomy and decision-making power. Meanwhile, Putnam's theory stresses the role of social capital and trust-based networks in enabling collective action, suggesting that well-functioning social structures—such as community-managed institutions are critical to sustaining economic development initiatives. The integration of both theories provides a dual lens for understanding how structural, institutional, and relational factors influence the effectiveness of community-based financial programs like SPP.

Previous studies have shown the positive impact of women-focused financial programs on household welfare, economic independence, and community development. For instance, Grace et al. (2024) reported that cooperatives and community-based savings groups significantly improved income levels and social status of women in rural Indonesia (Grace et al., 2024). Similar findings were documented in East Africa, where participation in savings groups not only increased women's financial literacy but also strengthened their bargaining power within households (Kesanta & Andre, 2015). In Ethiopia, microfinance programs targeting women led to significant improvements in children's education and household health outcomes (Asha & Senapathy, 2022). In the Indonesian context, Wulandari and Nugrahini (2022) found that empowerment programs in rural areas strengthened local governance and fostered collective entrepreneurship among women participants (Wulandari & Nugrahini, 2022).

Despite these advances, several studies have highlighted limitations and gaps in current practices. For example, Mark et al. (2019) noted that without institutional support and continuous training, women's savings programs may fail to generate long-term benefits (Mark et al., 2019). Gachiri and Agembo (2017) also observed that top-down management models often hinder the participatory nature of community finance initiatives (Gachiri & Agembo, 2017). Moreover, Rozikin et al. (2023) argued that while women's access to credit has increased, the programs often lack tailored mechanisms to address local cultural dynamics (Rozikin et al., 2023). These studies underscore the need for more context-specific, institutionally grounded analyses that consider both structural and relational dimensions of empowerment.

This article positions itself within that research gap by focusing on the institutional dynamics of UPK in a specific rural locality. By adopting a qualitative case study approach, it offers an in-depth understanding of how institutional design, leadership, and social capital interact in facilitating or constraining empowerment outcomes for women. Unlike prior research that often emphasizes either the financial or social dimensions in isolation, this study integrates both perspectives to produce a more holistic analysis.

In terms of methodological and theoretical trends, recent literature reveals a growing preference for mixed and participatory methods to capture the multifaceted nature of empowerment. For example, Debevec et al. (2017) emphasized the value of qualitative tools to explore local perceptions of empowerment in Ethiopia (Debevec et al., 2017). Meanwhile, Widhagdha and Ediyono (2022) demonstrated how community-centered case studies in Indonesia offer rich insights into institutional behavior and local engagement (Widhagdha & Ediyono, 2022). These approaches align well with this study's emphasis on contextual depth and participant experience.

Synthesizing these insights, the present study adopts a dual-theoretical lens that emphasizes both structural agency and institutional context in understanding women's economic empowerment. The review of past literature, combined with theoretical grounding, reinforces the relevance of studying UPK's role as a community-based institutional actor. This provides a solid foundation for the methodological framework used in the next section.

METHOD

This study uses a qualitative approach with a case study strategy to explore in depth the role of the Activity Management Unit (UPK) in optimizing the Women's Savings and Loan Program (SPP) in Dendang District. This approach was chosen because it allows researchers to gain a holistic understanding of contextual, complex, and dynamic social phenomena within the scope of community-based women's economic empowerment (Viera, 2023). The case study strategy is relevant in the study of community empowerment because it focuses on the dynamics of social processes that occur in a certain environment and provides space for interpretation of the various perspectives of the actors involved (Widhagda & Ediyono, 2022).

The data sources in this study consist of primary and secondary data. Primary data was obtained through in-depth interviews with UPK administrators, members of the SPP group, and other local stakeholders, including community leaders and relevant village officials. In addition, participatory observation was carried out to capture the dynamics of interaction in the implementation of the program directly. Meanwhile, secondary data was collected from UPK's official documents, financial statements, records of SPP activities, and regulatory documents related to women's economic empowerment programs. The triangulation technique is used to improve the validity of data through inter-source and inter-method confirmation (Kambuaya & Kambuaya, 2023).

Data collection was carried out through three main techniques, namely semi-structured interviews, participatory observations, and documentation studies. Interviews are conducted flexibly with open-ended questions guidelines to allow for an in-depth exploration of the informant's views. The observation was directed to observe the participatory behavior of SPP members and the communication patterns between UPK and women's groups. Documentation is used to understand the program's administration, reporting, and sustainability systems. The data collection instruments include interview guidelines, observation formats, and document checklists developed based on the theory of women's empowerment and social organization (Gemiharto & Yusup, 2023).

The criteria for inclusion of primary data include informants who have been actively involved in the implementation of the SPP program for at least two years, have an understanding of the institutional structure of UPK, and are willing to participate in the full interview process. For secondary data, the documents used must be from an authorized institution, have been verified by the program administrator, and cover a minimum time span of the last three years. The exclusion criteria include data or documents that are not verified, irrelevant to the SPP program, or come from anonymous sources and cannot be tracked for validity (Raharjo et al., 2023).

The units of analysis in this study are the UPK institution as an institutional actor and the SPP group as a social entity in the context of women's economic empowerment. The key informants consist of the core management of UPK, group facilitators, and active members of the SPP group in Dendang District. The selection of informants was carried out using a purposive sampling technique based on the involvement and representative capacity of the activity unit being studied (Rozikin et al., 2023).

The data analysis technique used is thematic analysis with the Miles and Huberman approach,

which includes three main stages: data reduction, data presentation, and conclusion drawn. Data reduction was carried out through initial categorization of interview results and observations. The data presentation used a thematic matrix to identify the pattern of relationships between institutional variables and women's empowerment achievements. Conclusions are drawn iteratively through re-reading of findings and cross-confirmation between data. The analysis process is assisted by NVivo 12 Plus software to facilitate coding and thematic visualization (Febrian et al., 2023).

RESULTS AND DISCUSSION

Results

The results of this qualitative case study reveal four main thematic categories that illustrate the role of the Activity Management Unit (UPK) in optimizing the Women's Savings and Loans Program (SPP) and its impact on community welfare and local economic development in Dendang Subdistrict. These themes emerged through in-depth coding and analysis of primary data gathered from interviews, observations, and documents.

1) Institutional Facilitation and Program Governance

The first theme highlights UPK's role as a facilitator and institutional manager of the SPP program. Respondents consistently noted that UPK functions as the administrative and operational backbone, responsible for managing member registration, fund disbursement, repayment monitoring, and regular reporting. The existence of standardized procedures and local regulation frameworks ensures accountability and transparency, although several informants pointed out the need for improved digital systems to enhance efficiency. Observations confirmed that UPK maintains physical records and conducts routine internal audits, which help sustain program credibility among community members.

2) Women's Economic Empowerment and Financial Access

The second theme centers on women's access to financial capital and the resulting empowerment. Participants emphasized that access to loans—albeit small—enabled them to start or expand microenterprises, particularly in sectors such as food processing, local crafts, and petty trade. These financial activities reportedly led to increased household income and reduced dependence on informal moneylenders. Several informants shared that involvement in SPP also strengthened their confidence in financial planning, budgeting, and investment decision-making, indicating a growing sense of economic agency. Observational data supported this, showing that many female members actively participated in meetings and loan group evaluations.

3) Social Capital and Collective Participation

The third theme illustrates the development of social capital through the SPP framework. Participants reported increased solidarity, mutual trust, and collaboration among members. Group meetings became spaces for both financial transactions and the exchange of ideas or peer support. The presence of social sanctions, peer monitoring, and shared norms contributed to high repayment

rates and group sustainability. The data showed that women who were previously marginalized gained recognition within their communities, which further encouraged participation in broader social or economic activities. Several key informants emphasized that this collective dynamic was crucial for the resilience of both the UPK and the SPP program.

4) Challenges in Program Implementation and Sustainability

Despite the positive outcomes, respondents also highlighted challenges that limit the program's reach and sustainability. These included limited operational capacity of UPK staff, constrained capital resources, and occasional repayment defaults. Some informants noted that loan ceilings were too low to support significant business growth, while others pointed to the need for better training in business management and digital literacy. There were also indications that younger women were less involved in the program, suggesting a generational gap in participation and interest. Observations during field visits indicated that physical infrastructure, such as office facilities and access to communication tools, remains modest and in need of improvement.

5) Tangible Impacts on Household and Community Welfare

The final theme captures the perceived impact of the SPP program on both household and community welfare. Most respondents reported improvements in food security, school attendance for children, and healthcare access as indirect benefits of increased income. Women described feeling more respected in household decision-making and reported closer relationships with their spouses and children. At the community level, there were signs of improved cooperation among residents, especially during village events or collective labor. While the magnitude of economic transformation varied, the program was broadly regarded as a catalyst for inclusive development and local economic revitalization.

These findings provide a comprehensive depiction of how UPK serves not only as a microfinance manager but also as an agent of institutional empowerment and social cohesion, which collectively drive community well-being in Dendang Subdistrict.

Discussion

The findings of this study reaffirm the strategic role played by the Activity Management Unit (UPK) in facilitating the Women's Savings and Loans Program (SPP) to achieve both individual and collective economic empowerment. In direct alignment with the research objectives, the results show that UPK acts not only as a financial intermediary but also as a local institution that fosters participation, trust, and institutional accountability. This integrative role significantly contributes to improving the welfare of women participants and the broader community in Dendang Subdistrict. The emergent themes—ranging from financial access and institutional governance to social cohesion—demonstrate the multidimensional impact of the program and validate the initial hypothesis that UPK's active role has a positive effect on socioeconomic outcomes.

The interpretation of these findings through the lens of Kabeer's (2005) empowerment theory reveals a clear enhancement of agency and access to resources among female participants. The

women involved gained more control over income use, decision-making power within households, and the capacity to invest in productive activities—central indicators of empowerment according to the theoretical model. Additionally, the study confirms Putnam's (2000) theory of social organization, as community trust and collective norms emerged as essential components in sustaining repayment discipline and group functionality. These theoretical reflections reinforce the importance of combining material and relational dimensions in evaluating community empowerment.

Comparative analysis with prior studies also supports these conclusions. For instance, Grace et al. (2024) and Wulandari & Nugrahini (2022) found that community-based savings programs in Indonesia significantly improved household resilience and women's entrepreneurial confidence (Grace et al., 2024), (Wulandari & Nugrahini, 2022). Similarly, Asha & Senapathy (2022) emphasized that women's access to microfinance in Ethiopia led to broader improvements in household education and health conditions (Asha & Senapathy, 2022). The present study's findings resonate with these patterns while introducing new insights related to institutional leadership, peer monitoring, and generational engagement in community-based finance.

Nevertheless, not all findings align perfectly with prior literature. Mark et al. (2019) suggested that inadequate institutional support could hinder the sustainability of village savings groups (Mark et al., 2019), and Gachiri & Agembo (2017) criticized hierarchical management models that marginalize local voices (Gachiri & Agembo, 2017). While UPK in Dendang demonstrates participatory governance, this study still found gaps in technological infrastructure and intergenerational inclusivity, partially echoing the concerns raised by Rozikin et al. (2023) regarding the lack of culturally adaptive program mechanisms (Rozikin et al., 2023).

From a theoretical standpoint, this article contributes to refining the understanding of how grassroots institutions mediate empowerment in rural contexts. It expands the scope of women's empowerment theory by empirically demonstrating how organizational trust and participatory mechanisms enhance agency in environments marked by resource constraints. Furthermore, it affirms the practical relevance of social capital as a critical asset in sustaining community development initiatives. These insights are particularly valuable for scholars and practitioners seeking scalable models of gender-responsive microfinance that go beyond financial indicators.

Despite its strengths, this study acknowledges certain limitations. The focus on a single geographic site may limit generalizability, and the absence of quantitative validation restricts measurement of program impact magnitude. The reliance on participant narratives, although rich in depth, may also carry subjective bias, especially in relation to perceived program success. Moreover, the limited engagement of younger women in SPP activities highlights a demographic gap that merits further investigation.

Based on the findings, several implications emerge for policy and practice. First, institutional strengthening through digital tools and continuous capacity-building is essential to enhance operational efficiency. Second, mentorship programs tailored for younger women could ensure intergenerational sustainability. Third, greater integration with local government structures may help

align community-based finance with broader development agendas. Future research could employ a mixed methods approach to triangulate qualitative insights with measurable outcomes and expand the scope across multiple districts to enrich comparative perspectives.

CONCLUSION

This study concludes that the Activity Management Unit plays a central role in optimizing the Women's Savings and Loans Program to enhance community welfare and economic empowerment in Dendang Subdistrict. The UPK not only manages financial operations but also serves as an institutional platform that facilitates women's access to capital, strengthens local participation, and nurtures social cohesion. Through the lens of women's empowerment and social organization theories, the findings demonstrate that the UPK's structured and participatory approach significantly contributes to expanding women's agency, increasing household income, and fostering collective resilience in the community.

Theoretically, this study contributes to the development of empowerment discourse by emphasizing the intersection between institutional governance and grassroots participation. It highlights how local financial institutions can serve as agents of inclusive development when supported by trust-based social structures and responsive leadership. Practically, the research offers actionable insights for policymakers, development practitioners, and community organizations seeking to implement or refine women-centered financial programs in similar socio-economic contexts. These insights include the need to improve digital infrastructure, promote intergenerational inclusion, and strengthen institutional capacity to ensure program sustainability. Further studies are encouraged to explore these dynamics across different regions and to examine long-term outcomes using complementary methodological approaches.

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