

Credit Cooperative as an Alternative Community Informal Care System for Women

Johanna Debora Lmelda^{*}

Titing Marthini^{*}

Introduction

Indonesia is a continental country and is located in the South East of Asia. The sea covers almost 81 % of the country or about 7.9 million square kilometers whereas the land comprises only about 19% i.e. 1.9 million square kilometers, which is comprised of the lowlands, valleys and mountains. There are 17,000 islands in total out of which only 900 islands are inhabited. Rest of the islands are uninhabited and are usually too small; and sometimes disappear when seawater rises. Among the total islands in Indonesia five are the main islands viz. Java, Sumatra, Kalimantan, Sulawesi, and Papua Island.

Indonesian population has increased rapidly since its Independence Day on 17 August 1945. In the year of 2000, the population reached 209 million of people who consist of 105 million of women and 104 million of men (Biro Pusat Statistik (BPS) 2000a:4). The transformation of economic system, i.e. from agricultural to industrialization, has effected high rates of urbanization in the country. In 2000, the population in urban areas was almost equal as compared to the population in rural areas (BPS, 2000a: 4). Almost 90% of the total population of the country are Moslems-majority community in Indonesia. Indonesian community is composed of various ethnics and there are approximately more than 100 ethnic groups/communities with more

^{*} Department of Social Welfare, Faculty of Social Sciences, University of Indonesia, Kampus Fisip-Ui, Depok 16424, Jakarta.

than 300 different dialects. However, they use Indonesia language called "*Bahasa Indonesia*" as an official language. Kinship system in Indonesia is also of varied fabric but mostly patriarchy system is exercised. Feudalism has intensely influenced the kinship system, as the Indonesia was a monarchy before independence. The bourgeoisie and elite have special predicate before their names. These predicates make them differ from the indigenous people. They also have to behave differently that should express their status. People respect them by using extremely polite words while communicating to them. As to the elite, young people should respect the elderly in the same way. However, on the horizontal relationship, Indonesian people are famous by its family spirit, togetherness, and solidarity. Each ethnic group/community has certain mechanisms to overcome the social problem or crises it faces at different times.

Poverty and Economic Crisis in Indoneaia

Indonesia is a developing country with low economic growth. The economic growth rate started to increase in 1968, and grew constantly at the rate of 5% until the beginning of 1980s. The economic growth reached its highest rate in 1984 having annual growth of 10% due to the Oil Boom (Hill, 1996:11-14). Oil Boom was the period when the price of oil was very high in international market. Being one of the oil producing countries, Indonesia benefited out of this situation by selling its oil at a very high price. Unfortunately, the enhanced economic growth was not supported by the improvement of other sectors. As a result, at the same time, Indonesia was also experiencing very distressing economic depreciation. Indonesian gross domestic product was decreasing from the 1980s until monetary crises in mid 1997. The greatest impact of crises occurred in 1998, when the economic growth was reduced to minus 13.0% i.e. (BPS, 2000b:3)

The monetary/economic crisis in Indonesia was followed by social and political crises. At the same time, the country was also facing the natural disasters, which made the situation even worst. The income of the people declined extremely. Poverty was extended. The number of poor people rose to 49.5 million in 1998 as

compared to 22.5 million in 1996. That means that the number of poor was increased by 27 million in about two year's time (Media Indonesia, 10 July 1999). However, the economic situation is getting better since 1999 with annual growth of 0.3% (BPS, 2000b:3).

Cooperative in Indonesia

One of the policies to overcome the poverty and economic problem in Indonesia is to establish the system of community solidarity called "Cooperative". The first Cooperative was established in Indonesia before World War II, but the regulation was formulated in 1915. Nevertheless, it was made to control communal agriculture to benefit the colonial government (Soemardjan, Breazeale and Chu 1993:112). After the Independence, Indonesian government tried to find a kind of economic system that fit into democratic criteria. Cooperative system received sufficient support from the government because it was not only suitable to the Indonesian culture but it was based on family relationship and solidarity also (Soemardjan, Breazeale and Chu 1993:113). The Ministry of Cooperative is always incorporated in the cabinet of the government.

Mohammad Hatta, first vice president of Indonesia, who was also the founding father of Cooperative, tried to reformulate the Cooperative framework. Indeed, Cooperative was not for the benefit of colonial government anymore neither for self-employment, but all of the Cooperative members were/are expected to work together in one collective enterprise. Although Cooperative is a collective enterprise, there is an obvious division of labor between the workers and the ordinary members or the non-workers. The non-workers do not receive salary but are still entitled to the profit of the Cooperative as if they receive from the self-employment system (Hardjosoekarto, 1993:9-10). National Conference of Cooperative documented several types of Cooperative that were established in Indonesia, such as "Cooperative of Civil Servants", "Women Cooperative", "Cooperative of Production", "Cooperative of Distribution", etc. Unfortunately, there is no accurate and detailed explanation about type and function of each form of Cooperative so that they sometimes overlap one another

(Hardjosoekarto, 1993:11). Law No 25/1992) (UU No 25/1992) on the definition of Cooperative declares that Cooperative is an enterprise that consists of a person or a group of people or a firm that assigns its activities based on cooperative principles. The Cooperative also performs as an economic community movement that is based on togetherness and solidarity. Voluntary membership and democratic management mechanisms make Cooperative become an enterprise as well as an economic community movement characterized by social principle. According to an economic expert, Aditiawan Chandra (1993:16), to help its member optimally, the Cooperative should function as a Community Development Organization. It means that the Cooperative should be responsible to identify the structural constraint of the members as well as to find ways, strategies and plans to overcome the problem in a comprehensive way in the form of programmed business activities.

Women Cooperative

One of the effectively developed Cooperative systems in Indonesia is Women Cooperative. Women Cooperative was set up for the first time in 1950s. The establishment of Women Cooperative is a reaction from women members who were marginalised in the organization of the Cooperative system. At that time, men monopolized board of committee and the managerial level. Women Cooperative has, therefore, an unwritten regulation that organization committee should be occupied by women although men can appear as members. Nowadays, there are more than 300 formally registered women Cooperatives throughout the country.

Besides to overcome poverty and economic problems, Women Cooperative also meets women's gender needs. Women's gender needs are divided into practical gender needs and strategic gender needs. Practical gender need is a need arising from women's primary responsibilities in the existing gender division of labor that usually relates/results to their unsatisfactory living conditions. Strategic gender need is a need arising from women's subordinate and disadvantaged position and requires action that will bring about changes in gender relations and other structures of inequality (Moser,

1986). Through Women Cooperative, women have an opportunity and access to experience and improve their knowledge as the Cooperative provides training such as gender training, political training, skill training, etc. The objective of the training is to improve women's position in the community. Women Cooperative, therefore, not only meets women's practical gender needs but also their strategic gender needs (see details in Appendix I).

In reality, Women Cooperative has developed more effectively than other types of Cooperative. One of the reasons is the very high confidence in members of the board. The members think that the saving will be more secure in the hand of women as women are considered to be polite, honest, trustworthy, careful and social.

However, the successful Women Cooperative is also influenced by women's social role in the community. In the community, women have community-managing role. This role is the extension of women's reproductive role that applies into informal community activities. Informal community activity is the activity that develops in the traditional community and functions as a supportive system during the crises or misery. Towards the system, the community is trying to overcome the problem together. In Indonesia, there are three types of community care activities that involve women's community managing role, i.e.: exchange activity, accumulative activity and distributive activity. The object could be money, goods or services to fulfill the need of individual, group, organization (Sitorus, 1999:243)

There are a number women community care activities in Indonesia, but they are not always to overcome poverty and economic problems. Among the women community care activities; "*Jimpitan*" and "*Tanggung Renteng*" are exercised to overcome the economic problems.

"*Jimpitan*" is known as a system that involves community participation for mutual support of the community members facing a problem. Word "*Jimpitan*" comes from "*Jimpit*" which means to take a little bit of something by shutting all of the fingers or to take something by using top of the fingers. The object is usually rice. Women in

certain communities such as village or compound organize this activity. Every morning, one or two women will go around the district to take a little bit of rice from every household. The better off/wealthy people have to give more rice. The rice will be collected in a certain place, usually at the head of the district house. If the community runs out of rice in the district's house dry season, the '*jimpitan*' rice will be distributed among the needy. Compound meeting decides the amount of rice that should be distributed among the households, as well as how much rice each of the households should receive.

Besides, the '*jimpitan*' rice could also be used for village party such as party for cleaning the village, party before planting season, or other activities, which involve all of the community members. This situation illustrates spirits of cooperation and solidarity among the community members.

Rice is a main dish for Indonesian. Rice is the primary need that should be fulfilled immediately. Therefore, at the beginning "*jimpitan*" is for overcoming shortage of food and mal-nutrition of children. Nowadays, "*jimpitan*" is not only limited to rice but to other goods including money also. No one knows precisely when "*jimpitan*" was discovered, but such activity is developed in Java community, especially in Central Java.

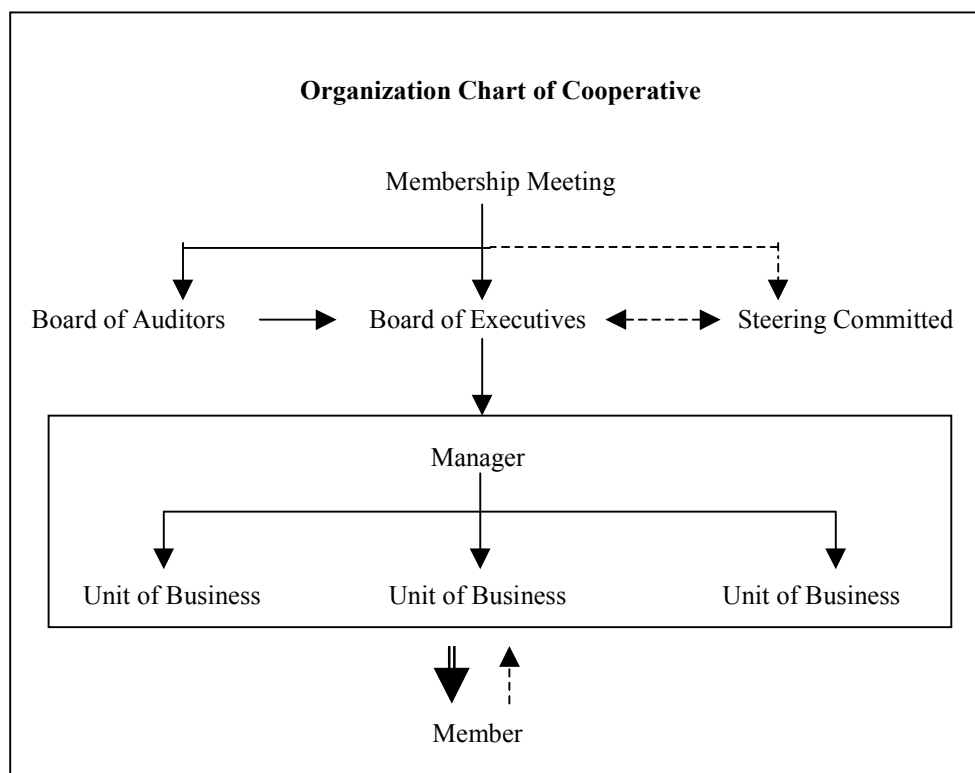
"*Tanggung Renteng*" was developed in East Java community. This activity is a shared responsibility among group members on every obligation based on sincerity and trust. The group will enable its members to express their opinion as well as to admit opinion, suggestion and recommendation from other member. "*Tanggung Renteng*" is highly related to the effort of defeating economic problems. If one of the member faces economic difficulties, she/he has a right to announce her/his problem and other members are responsible to help her/him, for example give her/him a loan or look for a loan from the third party and take the liability together. Besides developing mutual trust, this activity has an effective monitoring mechanism among the members. The monitoring mechanism performs as a social control that can avoid a member to cheat the others. "*Tanggung Renteng*" can be effectively executed when supported by

culture that is based on family spirit and mutual trust. Geographical location also influences the effectiveness of *Tanggung Renteng*". The closer the domicile of each member, the more effective the execution of the activity, however, in the individualistic community, "*Tanggung Renteng*" cannot develop effectively.

Other regions have the same activities such as "*jimpitan*" and "*tanggung renteng*", but they name such activities with different attributes. From the experiences, Women Cooperative that integrated "*jimpitan*" and "*tanggung renteng*" in its activities can develop more effectively and efficiently. Union Credit for Peasant, which is located in Bandugn, West Java and several women Cooperatives in East Java, are the examples of successful women cooperative that have integrated "*jimpitan*" and "*tanggung renteng*". One of the indicators of success is that they have zero unpaid and overdue credit.

Operational Mechanism of Women Credit Cooperative

Basically, operational mechanism of the Cooperative is not different from a bank. The difference is that Cooperative is influenced by emotional relationship among the members, as the members are the owners as well as the beneficiaries of the Cooperative.



There should be at least 20 people with same interests and economic activity to set up the Cooperative. Those people will be the initial members of the Cooperative and start to organize the meeting. Based on the members meeting, they will choose Board of Auditors and Executives. Members' meeting holds the highest authority. Besides appointing the boards, the meeting has to formulate articles of association/regulation and rules. Board of Executives is assigned to manage the Cooperative and is responsible for the Cooperative management activities and its business. The board can appoint operational manager and give her/him authority to run the Cooperative business. The responsibility of the board of auditors is to do the evaluation and monitoring to the implementation of Cooperative policy and management. Cooperative can also ask public accountant to do evaluation and monitoring.

Type of business of the Cooperative should have direct correlation with members' interests. The main objective is to improve the business and welfare of its members. There are three types of Cooperative based on its business, i.e. Cooperative of Production, Cooperative of Consumption and Cooperative of Credit. Credit Cooperative is a core business of most of women cooperatives, even though they are different in the efforts and activities, such as garment, medical allowance, traditional handicraft, etc.

In the implementation of credit scheme, women Cooperative implements "tanggung renteng" system. For this objective, the Cooperative creates sub-groups comprising 10-50 members. A group leader who is responsible to the executive or operational manager leads every sub-group. If one of the members needs a loan, she should inform the leader. The leader will announce to all of the sub-group members. Other members should give their signature if they agree to give the loan. The signatures on the agreement letters also mean that the sub-group is ready to bear the credit liability and is responsible if the one who receives the loan cannot pay it back. A member will not dare to betray the group, as there is a tight social control among the group members. The agreement letter will be attached to the application of the credit and send to the executive or manager.

Cooperative can also give loans to other people. However, the beneficiaries who are not members of the Cooperative cannot have access to the other facilities. Besides being entitled to the Cooperative profit, the members can also have an opportunity to follow training and education that are conducted by the Cooperative. Sometimes the member(s) can apply a loan without any credit liability also.

The Cooperative capital can be divided in organization's own funds, loans, and stakeholder funds. Organization own-funds are from main saving, compulsory saving, reserved funds, and grants from the third party or foreign agencies. Main saving is the certain amount of money that is compulsorily to be paid when someone is admitted to join the Cooperative activity. This saving cannot be taken back as long as he/she is still a member of the Cooperative. The amount of the main saving is the same

for each member. Compulsory saving is a saving which is paid in certain amount at certain time or occasion. As the main saving, the compulsory saving cannot be withdrawn for members. Reserved fund is the amount of money that is put aside from Cooperative profit for capital or for paying the deficit if needed. Loans come from the members, other Cooperatives, bank or economic institutions, obligations, and other resources.

To obtain legalization from the government, the Cooperative should evince its capability by showing its initial capital. The amount of the initial capital depends on the type and the need of the Cooperative. Credit Cooperative, especially, require minimal standard initial capital for Rp 15 million. It is needed for the security of the saving and continuity of the Cooperative. The women Cooperative usually applies “jimpitan” system to collect the money for the initial capital from the members. They collect the money little by little until they reach the standard amount of money.

Cooperative earnings called “sisa hasil usaha”, is the difference between selling and expenses, such as costs, depreciation, tax and reserved money. Approximately 60% of the earnings will be divided to the members as Cooperative dividend, which is based on their savings and business interests. The amount of the dividend cannot exceed the interest given in the market. The remaining 40% of the earnings will be used for training or education, and other expenses, which is proposed by the members meeting.

Conclusion

Community development activity through women’s efforts, in fact, can develop more effectively. This is because of women’s social roles as community managers that strengthen through socialization process.

One of the examples is women Cooperative is developed by implementing “Jimpitan” and “Tanggung Renteng” systems. Those systems are know as community

informal care systems to overcome economic hardships, starvation and poverty. Implemented in women Cooperative, “jimpitan” is used at the first phase to collect the initial capital. On the other hand, “tanggung renteng” is executed at the implementation phase to develop sense of belongings, mutual help and mutual monitoring among the members. Unfortunately, not all of the women Cooperatives implement those systems in their activities. In such cases, the Cooperative needs the intervention from other institutions, such as NGOs, government organizations, or people who have concerns for women’s problems.

Besides to overcome the poverty and economic difficulties, women Cooperative meets women’s strategic gender needs by gaining experience and knowledge through training and workshops provided by the Cooperative. The objective of such activities is to empower women and improve their position in the community.

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Appendix I

Practical Gender Needs:

- need arising from women's concrete condition within their traditional roles
- needs relating to women's primary responsibilities in the existing gender division of labour
- usually related to unsatisfactory living condition (e.g. water, health care, income, child care, etc)

Strategic Gender Needs:

- needs arising from women's subordinate and disadvantaged position
- requiring action that will bring about changes in gender relations and other structured of inequality
- Examples: financial independence, shared responsibility of reproductive work, greater access to economic and political resources, increased participation in community decision making, reduced vulnerability to violence, etc.

Appendix II

| ROLES OF MEN AND WOMEN WITHIN THE HOUSEHOLD AND COMMUNITY | | |
|---|--|--|
| ROLES | WOMEN | MEN |
| Reproductive | <ol style="list-style-type: none"> 1. Childbearing and child rearing 2. Organization of household | No clearly defined reproductive role |
| Productive | <ol style="list-style-type: none"> 1. Rural Areas: Often disguised in subsistence economy or domestic work 2. Urban Areas: in small scale enterprises (informal sector) mainly in household (often disguised) and neighborhood level 3. As “secondary income earners” even though they make a critical contribution to income of the household 4. In household headed by women, they may be sole income earner | <ol style="list-style-type: none"> 1. Often is primary income earner 2. Often organize around this role (e.g. workers organization or trade union) |
| Community Level | <ol style="list-style-type: none"> 1. Community managing: is an extension of reproductive role into community action because service they need in reproductive role not provided/badly provided 2. Increases in situations of crisis/scarcity 3. Community Politics: tend to be leaders by virtue of relation with other men or are rank and file/voluntary | Community Politics: organized at formal political level (e.g. traditional decision making structures or local political parties) |