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People's Search for Meaning through
Ethnicity, Culture, and Religion:
Psychology's Role in Handling Conflicts
and Sustaining Harmony in Multicultural Society

Edited by
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in Multicultural Society

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Remarks
by The Dean of Faculty of Psychology
Sanata Dharma University

Conflict and maintaining harmony in a pluralistic society such as in Indonesia remain an interesting challenge to be continuously studied. The International Psychology Conference 2016 titled “People’s Search for Meaning through Ethnicity, Culture, and Religion: Psychology’s Role in Handling Conflicts and Sustaining Harmony in Multicultural Society”, an attempt of the Faculty of Psychology, Sanata Dharma University to actively involved in the conflict resolution and maintaining harmonious relationships within the community. The Vision and Mission of Sanata Dharma University which briefly could be stated as “Intelligent and Humanist” challenge us all to resolve conflicts and maintain harmonious relations with an intelligent way and humanist, so that the diversified way out in resolving conflict and maintaining harmony in the society should always be directed to the development of dignified community and individuals.

Articles in this proceeding are selected articles that provide positive contributions to conflicts resolution and maintaining harmonious relationships within the community. Therefore it is worthy to be read.

Thank you,
Dr. Tarsisius Priyo Widiyanto, M.Si.
Dean of Faculty of Psychology
Sanata Dharma University

Remarks by The Chairman Of The Committee

Greetings to all of us. May the Lord of the Worlds is always overflowing with grace and love.

Diversity or multiculturalism could be seen as a strength, but also as a weakness. On one hand, a multicultural society has the potential to be social capital in achieving civil society. On the other hand, diversity could lead to horizontal frictions that trigger conflicts, civil wars, and violence. These, in turn, would result in destructions and other counterproductive situations. Recently we witness various events in various regions of the world related to discrimination, war, refuge-seeking, ethnic genocide, bombing, and killing that tend to use ethnic, cultural, and religious issues as means of provocation.

Indonesia, as one of the most multicultural countries in the world, is not immune to the destructive effects of such conflicts. The tendency to coerce people into certain opinions and dehumanising people with differing views appears to increase. The values of local culture inherited from generation to generation are relatively getting disintegrated, threatened to be extinct. Many lives have been lost as the result of fightings triggered by ethnic, cultural, and religious sentiments.

Psychology, as one of the disciplines that addresses human behavior and society, has a crucial role in facilitating conflict resolution and harmony maintenance. In actualizing its role, psychology scientists and practitioners need to collaborate with colleagues from various disciplines.

Given the complexity of the endeavor and the global trend of leading diversity issues into social conflicts, there is a need for a forum to examine what have been done and what can be done in the area of meaning-making, conflict resolution, and harmonization in multicultural society.

Drawing on this reflection, the Faculty of Psychology at Sanata Dharma University organises an international conference entitled "People's Search for Meaning through Ethnicity, Culture, and Religion: Psychology's Role in Handling Conflicts and Sustaining Harmony in Multicultural Society." We invite researchers, practitioners, and students to present studies and practical experiences that explore

how meaning making can foster positive personal and cultural change. This conference is held in part to commemorate the department's 20th anniversary. The theme of the anniversary is "Locally Grounded, Globally Connected." With this theme we would like to invite the participation of international academics and practitioners to present research findings and reflections that may expand our understanding on the processes and mechanisms whereby the acts of meaning making can lead to positive change in persons and cultures.

Hard work and intensive participation of all components of the faculty and the university for more than a year, supported by parties that we can not mention one by one here really describe the collaboration of various diversity that reflects the culture itself. A strong desire to bring the atmosphere of academic discussion of diversity and harmony, particularly related to issues of race, culture, and religion. Thanks to all those who have supported the implementation of this event, both from the faculty, university, government, police, sponsors, and others that we can not tell the whole one by one.

Hopefully this simple tool can facilitate debate and ongoing recommendations for the lives of people in the world in general, and Indonesian society in particular.

Thank you.

Yogyakarta, July 29, 2016
Chairman of The Committee ICP 2016
Robertus Landung Eko Prihatmoko, M. Psi., Psi.

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Institutional and Economic Factors in the Sustainability of Credit Union in Indonesia

Titus Odong Kusumajati

Sanata Dharma University

Abstract: *This study focuses on exploring the role of institutional and economic factors that affect the achievement of self-reliance and sustainability of Credit Union in Indonesia. This study employs a mixed-analysis method, quantitative and qualitative analysis method, and implements the strategy of case study with embedded design. The results show that Credit Unions in Indonesia are financial institutions that work in a sustainable manner because they are built in accordance with the needs of communities they serve, supported by conducive institutional environment, and financially self-reliant. The finding is supported by the results of research stated that Credit Union's performance is supported by social and cultural factors, especially local custom which serves as important consideration in designing the saving and loan products, the service mechanism, and the rules of Credit Union governance. Credit Union in Indonesia can also be categorized as a sustainable financial institution that is sound and profitable, able to achieve effective financial structure, and able to manage liquidity well.*

Keywords: *Credit Union, sustainability, self-reliance, institutional factor, cultural factor.*

Introduction

Credit Union is a financial institution that follows the form of cooperative organization and provides financial services such as savings, loans, insurance, and transfer payment services (WOCCU 2003; Emmon 1997). The term of Credit Union derived from the Latin words

“credere” that means “trust”, and “union” which means “collection”. Thus the term of Credit Union means “a collection of people who trust each other in a unifying bond, which has agreed to deposit a sum of money as a joint capital to be used among fellow members as loans to finance productive activities for the common good” (CU Lestari nd : 2).

Some reports say that Credit Union movement in Indonesia has the potential to develop into self-reliant financial institution, and grow in a sustainable manner (Holloh, 2001; ProFI, 2006), although Credit Union still faces problem related to formal institutional system (INKOPDIT 2008; ProFI 2006). This study focuses on exploring the role of economic and institutional factors that affect the achievement of self-reliance and sustainability of Credit Union in Indonesia.

Research on Credit Union in Indonesia is important to obtain knowledge and better understanding about: (1) what institutional factors influence the work, performance, and ultimately form sustainable Credit Union in Indonesia?; (2) what is the performance of Credit Union in Indonesia, and how do the institutional factors contribute in the achievement of such performance? More specifically, this research aim to: (1) evaluate aspects of formal and informal institutions that affect sustainability of Credit Union in Indonesia; (2) analyze level of sustainability of Credit Union in Indonesia by evaluating financial and outreach performance indicators, and how do these factors contribute to formal and informal institutions in the achievement of such performance.

By answering the problem and research objectives formulated, this study provides contributions as follows: (1) developing theory of institutional microfinance institutions by adding new variables of local customs, geography and education as factors that affect sustainability of a microfinance institution; (2) applying triangulation of data and analysis methods in a case study to assess the achievement of performance and sustainability of Credit Union in Indonesia, (3) researching and analyzing performance and sustainability of the Credit Union in Indonesia using national data, both primary data and secondary data.

Literature review

1. Institutional and Institutional Finance Theory

According to Williamson (2000:596-600), the institution of economic can be categorized into four levels: (1) social embeddedness, (2) institutional environment, (3) institutions of

governance, and (4) resource allocation and employment. Further, Williamson said that institutional level 1 is the focus of analysis of economic historians and other social scientists, institutional level 2 and 3 are the focus of analysis of NIE, and institutional level 4 is the area where neoclassical analysis works properly.

Credit Union grows up in its members' daily life, so that its growth is also influenced by institutional environment. According to North (2003:20-21) the dynamics of development of society will lead to changes in the institutional structure of the society. Organizations that able to adapt to the institutional development of community will be able to survive and make a profit.

To get optimal benefit from institutional changes, such changes should be coordinated. According to Yustika (2006), the coordination can be done using model of institutional organization that will guide the process of institutional change based on common objectives agreed by all members of the organization and the willingness of members to continue learning and searching for new knowledge (Yustika 2006 :245-250). Meanwhile, according to Acemoglu et al, an organization that is able to adjust to institutional development of the society will be able to survive and achieve better economic performance. Acemoglu said that, in a macro perspective, differences in economic performance were the result of three fundamental factors: (1) institutional economics, (2) geography, and (3) culture (Acemoglu, Johnson and Robinson 2005:396-401).

In the financial world, individual behavior, as explained by North, will affect the works of financial system. According to Hubbard (2005:4-6) the financial system is a financial institutional framework that matches savers and borrowers, and provides services of risk-sharing, liquidity and information through two channels: financial markets and financial institutions. According to Ledgerwood (1999:64-65) there are four major categories of types of services provided by microfinance institution for its clients, namely: (1) financial intermediation, (2) social intermediation, (3) business development services; and (4) social services. As one type of micro-finance institutions, in its operational practice, Credit Union provides financial and non-financial services.

2. Imperfect Information in the Credit Markets

In an ideal credit markets, credit traded competitively and interest rate determined by the interaction between demand and supply. According to Besley, credit markets that work freely and without any external intervention will be able to reach final equilibrium conditions, condition in which a person is no longer

possible to add more benefits for himself without reducing benefits received by others (Besley 1994:2). In the real world, the ideal credit market can hardly be found.

Credit market differs from its ideal because of imperfect information (Besley 1994:2). According to Arsyad (2005:34), the imperfectness occurs because there is information gaps between creditors and debtors, and because of the uniqueness of commodities traded in credit markets (Arsyad 2005:34). Imperfect information includes the concepts of asymmetric information, adverse selection, moral hazard, and credit rationing.

Asymmetric information is a situation where one party of a transaction has better information than the other. In the context of credit markets, the debtor is considered as party that has better information than lenders. Adverse selection is a condition associated with distinguishing the risk of getting good or bad borrowers. Moral hazard is a condition associated with verification efforts undertaken by lender to ensure that borrowers use credit funds in accordance with planning stated in the credit application.

Asymmetric information in form of adverse selection and moral hazard will lead to credit rationing in credit markets. Jaffee and Russell (1976) developed a model of how imperfect information and uncertainty can lead to credit rationing. The model assumed that there are two types of debtors: the honest and the dishonest. Honest debtors would only agree on a debt contract which could be paid, and conversely, the dishonest debtor would neglect the debt if the cost of neglecting the debt is quite low (Jaffee & Russell 1976:651-652). However, lenders can not distinguish the two types of borrowers, so that would be more appropriate if credit rationing is then performed so that dishonest debtors do not neglect to pay his debts, even if it means it will reduce the credit provided to the honest debtors.

3. Measurement of Credit Union Sustainability

One among indicators of the sustainability of microfinance institutions is the performance of microfinance institutions, which includes financial performance and outreach (Arsyad 2005:45-46; Robinson 2001, 2002; Ledgerwood 1999). According to the Consultative Group to Assist the poorest-CGAP (2001) there are several methods of measuring performance of microfinance institutions provided by various agencies, and the five methods recommended are: CAMEL of ACCION, PEARLS of WOCCU, Girafe of PlaNet Rating, MicroRate and M-CRIL. This dissertation applies

PEARLS of WOCCU approach to measuring financial performance and outreach of Credit Union. The PEARLS approach is chosen considering that PEARLS is provided: (1) as an evaluation system to monitor the performance of Credit Union, (2) as a standardization of evaluation criteria for the operational activities of Credit Union, (3) as a basis of comparison of performance between Credit Union, and (4) as a framework for supervision. As a system of evaluation of financial performance, PEARLS could assess components of financial performance individually as well as a system. Further, we can apply PEARLS in a developed Credit Union as well as in a developing Credit Union.

Research methods

1. Model and Hypotheses

Path diagram in Figure 1 below illustrates the theoretical model of the performance of Credit Union in Indonesia. The model is structurally composed by factor of Credit Union governance and factor of socio-cultural. The factor of Credit Union governance is determined by factor of ownership in Credit Union and three indicators of formal institutional factors, namely "internal rules", "service mechanism" and "planning". Meanwhile, the socio-cultural factor is explained by indicators of informal institutional factors, namely "local custom", "education" and "geographic location". Based on measurement model, the performance of Credit Unions in Indonesia is explained by the indicators of external rules, financial viability, outreach, networking, and the positive impact of Credit Union for its members.

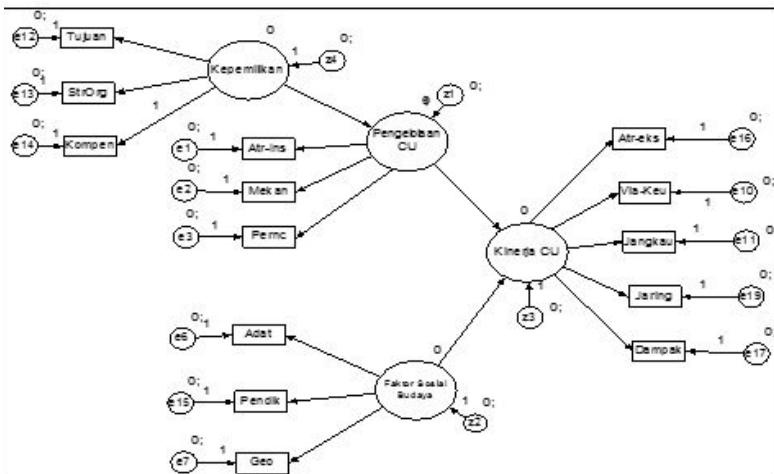
Hypothesis 1: the performance of Credit Union in Indonesia has a relationship with formal and informal institutional factors.

Hypothesis 2: based on the indicators of financial performance and outreach, Credit Union in Indonesia is categorized as a sustainable microfinance institution, and differences in socio-economic conditions as indicated by differences in location of primary Credit Union have an impact on financial and outreach performance of Credit Union.

1. Analysis Method and Data

This study uses a mixed analysis method, methods of quantitative analysis and qualitative analysis. Quantitative analysis is used to evaluate formal and informal institutional factors that influence and determine the achievement of sustainability of Credit Union in Indonesia, and to measure level of sustainability of Credit Union by focusing on financial performance and outreach.

Figure 1.
Path Diagram of Formal and Informal Institutional Factors in Credit Union in Indonesia



Evaluation of formal and informal institutions will employ structural equation modeling analysis using AMOS-SPSS version 16.0. Assessment of the sustainability of Credit Union through the measurement of financial performance and outreach will apply WOCCU-PEARLS evaluation system, and to compare level of sustainability, financial performance and outreach, the Mann-Withney-Wilcoxon statistic test will be employed.

Qualitative analysis is used to build understanding and to systematize formal and informal institutional factors that affect the achievement of sustainability and operational practices of Credit Union in Indonesia, to complete assessment of level of sustainability and development of Credit Union, and as an evaluation of the utilization of operational experience in the governance of Credit Union in Indonesia and institutional considerations encapsulating them in planning the development of Credit Union in Indonesia. Qualitative analysis is performed using SWOT analysis and software of Expert Choice

Commercial Version 9.47v79.

Research results

1. Analysis of Institutional Factors in the Sustainability of Credit Union in Indonesia

The test results using AMOS 16 show that the model used in this study is valid. The test results also show that all variables in the model have significant factor loading. The research model is shown in Table 1 and the path diagram in Figure 2 below. The test results show that the model demonstrates a compatibility between theoretical model and empirical model, and thus feasible for use in further analysis of institutional factors in the Credit Union in Indonesia.

Table 1.
Criterion of the Assessment of the Modified Research Model

Criterion	Reference Value	Calculation Result	Remark
Chi Square	As least as possible	85.655	Accepted
p-value	≥0,05	0,073	Accepted
CMIN/df	≤2,00	1,260	Accepted
RMSEA	≤0,08	0,039	Accepted
TLI	Close to 1	0,930	Accepted
CFI	Close to 1	0,948	Accepted

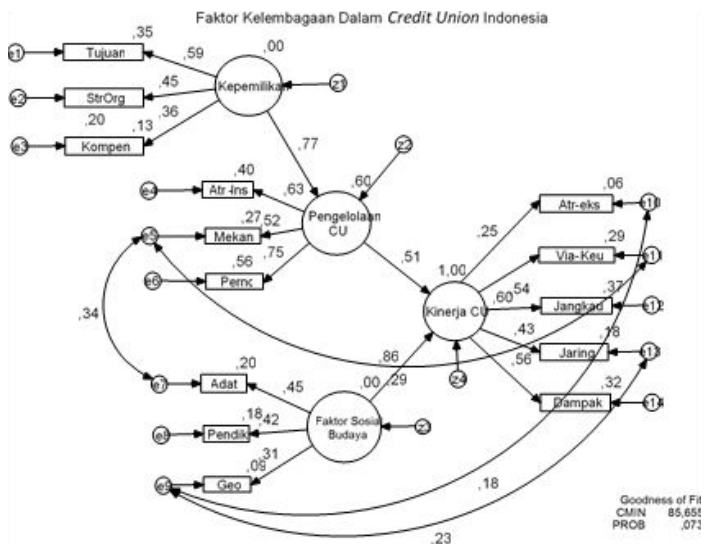
1.1 The Measurement Model

1.1.1. Ownership In Credit Union

Results of testing of the construct of “Ownership” indicates that the variable is significantly and positively related to variable “Goal”, “Organizational Structure” and “Compensation” as indicated by successive values of factor loading 0.588, 0.450 and 0.361. Credit Union is a form of cooperative financial institutions – owned, managed and controlled by its members. Being a member means being the owner of CU, and each member has an equal voting right in making decisions on matters relating to Credit Union.

In terms of organizational structure, generally, Credit Union in Indonesia implements a hierarchical structure that shows distribution of duties and responsibilities of the Annual Members Meeting (RAT), the Executive Board, the Supervisory Board, and the Management of Credit Union.

Figure 2.
Output of Modified Model of Institutional Factors
in the Credit Union in Indonesia



Concerning compensation aspect, there are two types of compensation, namely compensation for involvement of members in the management of credit union, and compensation for the utilization of financial intermediation services provided by Credit Union. Other type of compensation is compensation in form of distribution of net income (SHU) and compensation for participation of members in social charitable products.

1.1.2. Social and Cultural Factors

Results of testing of the construct of “Socio-Cultural Factors” indicates that the variable is significantly and positively related to variable “Local Custom”, “Education” and “Geographical Location” as shown in a row by the value of factor loading 0.447, 0.419 and 0.308.

Credit Union is very much concerned with the existence of social and cultural factors. Management of Credit Union is closely connected with existing local custom and human resource capacity in areas where it is located. The design of savings and loans products, and the design of service mechanism and rules of Credit Union governance have always put local custom and human resource capacity as important

considerations.

Education is one of pillars of Credit Union, and implemented so that all members can better understand the role, rights and obligations, to be more prudent in managing household finances and business, as well as to know and understand financial statements and the development of the Credit Union. Overall, the educational program organized by Credit Union is an effort of developing capacity of members and organization.

1.1.3. Governance of Credit Union

Results of testing of the construct of “CU Governance” indicates that the variable is significantly and positively related to variable “Internal Rules”, “Mechanism”, and “Planning” as shown in a row by the value of factor loading 0.630, 0.517 and 0.745. Each member of the CU has one vote in the Annual Members Meeting (RAT) as the highest authority to determine the Executive and Supervisory Board of Credit Union, and also to establish policy guide of Credit Union. Principles of democracy and voluntary, as the basis of Credit Union governance, serve as important consideration in formulating internal rules, mechanisms, and planning of Credit Union. Credit Union’s internal rules can be in form of Statutes, Bylaws, and Policy guide of Credit Union. Credit Union working mechanism embodied in form of standard operating procedures, and the workplan of Credit Union.

1.1.4. Performance of Credit Union

Results of testing of the construct of “ CU Performance” indicates that the variable is significantly and positively related to variable “External Rules,” “Financial Viability”, “Outreach”, “Networking”, and “Positive Impact” as indicated by the value of successive factor loading 0.252, 0.541, 0.604, 0.426, and 0.563. Cooperatives Act No.25 of 1992 is an important external rule that underlie the existence Credit Union in Indonesia. Under the Act, Credit Union can obtain legal status as a legitimate financial institution. The variable of Financial Viability explains the ability of Credit Union to pay all costs and risks, and making a profit as shown by PEARLS indicators in the financial statements. Meanwhile, the variable of outreach explains the ability of Credit Union to provide financial services based on the number of members served, types of products provided, and the average amount of loan

accessible by members. Both variables directly demonstrate the performance of Credit Union. The stronger and healthier financial condition of a Credit Union and the increasingly wider outreach of a Credit Union, then the performance will be better.

The variable of Network shows Credit Union cooperation with other agencies to run and develop their business. Joining with network of Credit Union Movement in Indonesia enables Credit Union to enjoy advantages in terms of liquidity management, deposit and loans insurance, and capacity building of members and organization through educational programs. The Variable of Positive Impact explains benefit that directly or indirectly received by members of Credit Union from the existence of Credit Union and its operational activities.

1.1.5. The Structural Model

Results of testing of the structural model in this study indicate that variable "Ownership", "Governance of CU" and "Socio-Cultural Factors" are significantly and positively related to variable "CU Performance". Variable "Ownership" is significantly and positively related to variable "Governance of CU" as indicated by the value of factor loading 0.771. Variable "Governance of CU" is significantly associated with variable "CU Performance" as indicated by the value of factor loading 0.511, while variable "Socio-Cultural Factors" is also significantly and positively related to variable "CU Performance" as indicated by the value of factor loading 0.859.

The results of research model testing shows that factor of ownership in Credit Union significantly determines the pattern of Credit Union governance. Governance scheme derived from the policy of Credit Union set by members which are also the owner of Credit Union is a representation of formal institutional factors, namely the rules and regulations issued by the Government and or by the Credit Union and is used as the basis for Credit Union governance. On the other hand, social and cultural factors represent informal institutional factors, namely the cultural, social arrangements, social norms, and codes of ethics of organization which directly or indirectly influence the behavior of the Credit Union's stakeholder in their interaction with each other in the context of credit union operations.

2. Analysis of Performance and Sustainability of Credit Union in Indonesia

Table 2.
PEARLS Ratio of Credit Union Samples in 2007, 2008 and 2009

PEARLS RATIOS		2007	2008	2009	WOCCU STAN- DARD
Net Allowance for Loan Losses / Allowances Required for Loans Delinquent less than 12 months	P2	27.1%	60.8%	46.0%	100.0%
Net Loans/Total Assets	E1	74.9%	78.6%	78.7%	70-80%
Liquid Investments/Total Assets	E2	13.5%	13.7%	14.7%	Max 20%
Financial Investments/Total Assets	E3	6.1%	6.0%	4.7%	Max 0%
Savings Deposits/Total Assets	E5	78.3%	78.9%	78.8%	70-80%
Member Share Capital/Total Assets	E7	11.0%	11.4%	11.7%	10-20%
Institutional Capital/Total Assets	E8	4.9%	4.9%	5.8%	Min 10%
Total Loan Delinquency / Gross Loan Portfolio	A1	9.3%	12.5%	17.9%	Max 3%
Net Loan Income/Average Net Loan Portfolio	R1	22.6%	22.1%	21.3%	Min 100%
Total Interest Cost on Savings De- posits / Average Savings Deposits	R5	6.3%	8.1%	8.1%	> inflation
Total Interest (Dividend) Cost on Shares / Average Member Shares	R7	67.4%	35.4%	32.2%	>=R5
Total Operating Expenses / Avg. Total Assets	R9	5.6%	5.3%	5.4%	5%
Net Income / Average Total Assets	R12	3.6%	2.4%	2.0%	Min 10%
Liquidity Reserves / Savings Deposits	L2	17.2%	17.2%	20.9%	10%
Growth in Loans to Members	S1	112.5%	86.4%	43.6%	Depend on E1
Growth in Savings Deposits	S5	147.5%	77.6%	38.3%	Depend on E5
Growth in Share Capital	S7	170.6%	120.1%	45.2%	Depend on E7
Growth in Institutional Capital	S8	434.3%	100.4%	69.3%	Depend on E8
Growth in Membership	S10	109.6%	56.4%	31.5%	>12%
Growth in Total Assets	S11	125.5%	75.8%	42.7%	>Inflation

Sources: monthly financial reports of CU members of BKCU Kalimantan, 2007-2009, processed by researcher.

2.1 Financial Performance and Outreach

The results of performance analysis using WOCCU PEARLS show that, overall, CUs -the object of discussion in this section- are able to achieve effective financial structure and also able to manage liquidity on a relatively safe position for liquidity and operational needs of CU.

In addition, CUs -the object of discussion- tend to be able to operate profitably through a relatively low operating costs while still able to generate interest rate that could maintain the real value of members' savings. The results of performance analysis also indicate the ability of CU in providing products and services as requested by members who later became the driving factor in increasing the outreach of its business, either through credit union membership or products access. The achievement is a major capital for CU to achieve financial self-reliance and sustainability in the long term operation of CU.

Conclusions and recommendations

1. Conclusions

Based on the analysis of structure and contribution of formal and informal institutions, and analysis of financial performance and outreach undertaken previously, the researcher concludes that Credit Union in Indonesia is a sustainable microfinance institution because it is built according to the needs of the communities it serves, supported by a conducive institutional environment, and financially independent.

The sustainability of Credit Union in Indonesia is shown by the results of this study which states that:

- The performance of Credit Union in Indonesia is supported by social and cultural factors, especially local custom that serves as an important consideration in the design of savings and loans products, and the design of services mechanism and rules of Credit Union governance. The performance of Credit Union in Indonesia is also supported by the governance factors, especially aspects of planning and internal rules that play as basis for Credit Union operation. Planning and Credit Union's internal rules are formulated in accordance with the objectives set by members who also the owners of Credit Union.

The results of this study indicate that Credit Union is

able to answer the needs of communities it serves and is supported by institutional environment that enable Credit Union to grow and develop in a sustainable manner.

- Credit Union in Indonesia is categorized as a sustainable financial institution that is sound and profitable. The results show that Credit Union is able to achieve effective financial structure, able to manage liquidity so that it is relatively safe to maintain liquidity and operational needs of CU, and able to operate profitably by determining interest rate that can maintain the real value of members' savings. The results also demonstrate the ability of Credit Union in providing products and services as requested by members.

2. Recommendations

- The results show that Credit Union is able to produce profits. However, Credit Union has yet to demonstrate an adequate ability to anticipate the risk of loss that may arise from its business through the provision of a reserve fund in a sufficient amount, and also has not demonstrated an adequate ability to achieve optimum availability of institutional capital as a resource for CU main business development. Based on this, it is important for Credit Union to pursue the availability of institutional capital and reserve funds in a sufficient amount through the policy of net income (SHU) allocation.
- The results also show that along with the high growth in loan disbursements, the ability of Credit Union to manage the loan tends to decrease as indicated by the increasing ratio of bad debt, and then followed by a declining trend in profitability levels of CU. In connection with this, Credit Union needs to specifically evaluate the cause of increase in the ratio of bad debt, whether it is because of less valid selection process of prospective borrowers, because the weakening business condition of debtor, or due to other causes. From such evaluations, Credit Union could find alternative solutions.
- The observation results indicate that operations of Credit Union demonstrates its function as a financial intermediary, and these activities are closely related to financial data, including financial data of members. As a membership-based financial institution, in the long term, development of Credit Union will be determined by the development of economic and social conditions of its members so that Credit Union needs to closely

observe these developments. This could be done by developing a members' economic and social database. The database needs to be updated, analyzed and managed properly so that true and accurate information could be regularly obtained by the management and the executive board as consideration for decision making in matters relating to the core business and other services provided by Credit Union.

- The observation also indicates that Credit Union does not have the standards of minimum scale that guarantee the achievement of financial sufficiency. As a financial institution based on socio-economic conditions of members, besides considering the institutional environment, the establishment and development of Credit Union also need to consider the economic feasibility of their business based on economic potential of members and areas where Credit Union is located, so that Credit Union can provide a plan about the scale of business relevant to conditions it faces.
- Minimum standard on the business scale that guarantee the achievement of financial sufficiency of Credit Union can be a guide for planning the establishment and development of Credit Union based on the aspects of economic feasibility. In this regard, it is necessary to do research on economies of scale of a Credit Union.

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