



## Institutional Membership and Rural Development in Indonesia: Case Study of Three Villages in Purbalingga

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Permalink/DOI: <http://dx.doi.org/10.15294/komunitas.v7i2.4518>

Received : August 2015; Accepted: September 2015; Published: September 2015

### Abstract

*This study aims to measure community membership in rural institution and analyze its benefits in rural development after Indonesian decentralization. To do so, a case study was conducted in Serang, Kedaran and Sumilir village of Purbalingga District, Central Java Province. Respondents of this study consist of 232 people, and data are analyzed both qualitatively and quantitatively. Findings of this study present that diverse community groups exist, and most households become active members in one to two rural institutions. Neighbourhood, religious and farmer groups are the most active institutions in term of membership and carrying periodic meeting. Membership in rural institutions improves access to financial, physical and natural capital, but less in improving human capital. While most villagers are member of neighbourhood, farmer and religious groups, the village government does not build intensive interaction with these institutions in meetings to formulate village decision. Thus, the empowerment process is not optimally delivered, and the institutions cannot optimally help their members in addressing their livelihood problems. Some initiatives are performed by the institutions, but without government support, they result only limited benefits for the members. Thus, this study recommends the government to involve more institutions in village decision making, especially by improving the participation of neighbourhood, religious and farmer groups.*

**Keywords:** rural institution; institutional membership; rural development

### INTRODUCTION

For a long period during Suharto administration, the structure of village governments in Indonesia experienced a remarkable homogenization. Through Law 5/1979, rural traditional institutions were liquidated and replaced by various state initiated groups. Although the homogenization improved development efficiency, its negative impacts were devastating. Several studies find that the institutions were dominated by rural elites focusing more on relationship with higher officers rather than villagers. Instead of promoting participatory development, they became government tools to mobilize and control the community. Thus, what really happening was destruction of social ca-

pital and weakening of local capacity (Antlöv 2003; Takeshi 2007)

Nevertheless, the collapse of Suharto administration in 1998 and the following decentralization policy brought opportunity to reform rural institutions. Under decentralization laws, village government was arranged based on principles of diversity, participation, real autonomy, democratization and people's empowerment. Numerous studies present the changes happening thereafter, especially how decentralization created a more democratic village governance. Antlöv (2003), who closely observes one village in West Java, illustrates the change in landscape of rural institutions. Village parliament was established and several new or-

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p-ISSN 2086 - 5465 | e-ISSN 2460-7320

ganizations were initiated by villagers. These indicate that some degree of organizational diversity was emerging. Similarly, Alatas, Pritchett, and Wetterberg (2005), through a study in 48 villages in three provinces, find that memberships in community organizations were high, especially in groups providing services of health, education, finance, or general neighborhood assistance. Another study conducted by Takeshi (2006) in Bandung district of West Java also finds that decentralization improved the activeness of rural institutions and civil organization in local political process.

It is imperative to note that creating a democratic village governance is not an end in decentralization. It is just an intermediary outcome, or a prerequisite condition, to achieve the final objective of decentralization, which is the improvement of rural development (Sutiyo 2013). With decentralization being implemented in Indonesia, rural institutions can play a lot of roles in organizing community and implementing development programs. The success of decentralization should not be measured only from the emergence of more diverse and active institutions, but also from the benefits created by institutional membership to solve community livelihood problems.

An important analytical element that is so far missing in the literatures is about how far the existing institutions can contribute to rural development. This study aims to address this issue, which is whether the emergence of rural institutions after decentralization can help villagers in addressing their livelihood problems. To do so, it will identify the institutions existing in rural areas, community activeness to become the members, and benefits of the institutions. This study will highlight benefits of institutions for rural development in term of improvement in human, financial, physical and natural capital of the members.

The basic idea of social capital is that kinship, friends and groups belonging to a person constitute an important asset that create benefits, material gain and can be called during time of crisis (Woolcock & Narayan 2000). As a concept, social capital

is abstract and less tangible to measure than the other types of capital like human, financial, physical and natural capital. Most literatures argue that institutional membership is the main element of social capital, and the degree of social capital can be measured among others through the density and activeness of household in local institution membership (Bebbington 1999; Poteete & Ostrom 2004; Szreter 2002)

Effort to identify the type of institutional membership that highly contribute to development have been conducted by Szreter (2002). He identifies three types of social capital, which are bonding, bridging and linking. Bonding social capital is built from connections of people having similar background who establish a group to share identity without expecting benefit. Bridging social capital constitutes connections of people having different demographic character and motivated by benefits offered by groups. Linking social capital constitutes connections of people having not only different demographic character, but also different political power. Bonding and bridging social capitals are a horizontal relation among the people, while linking social capital is a vertical association between less powered people and government or external agencies. According to Szreter, linking social capital will contribute to community development more than bonding and bridging ones.

One way to understand the role of social capital in rural development is by using the framework of capital and capability (Bebbington 1999). The framework elaborate that rural development should be understood as efforts to improve community access to various types of capitals, which include human, social, financial, physical or natural capital. Membership in rural institutions is a form of social capital, through which people are able to widen their access to resources and other actors. Roles of social capital in rural development can be traced from the ways whereby villagers expand their access to the other capitals through engagement in the institutions. Bebbington's framework applies livelihoods perspective in analyzing rural development. The

perspective does not see rural development as a sectoral program, e.g. agriculture or infrastructure. Rather, it analyzes combination of resources used and activities undertaken by villagers to make a living. Although the ways in which villagers compose livelihoods are multiple and diverse across the world, the framework is suitable enough to apply in different localities. Effectiveness of government policies can be seen from how it can create institution to optimize livelihood resources and to improve the livelihood strategy as accordance to local context (Scoones 2009).

Scholars highlight the importance of institutional membership in rural development. Grootaert and Narayan (2004) find that institutional membership significantly contribute to household welfare more than human capital and other household assets. Social capital plays important roles in local development, for example in the development of local economy through pottery industry (Karmilah et al 2014), development of social solidarity in fishery community (Anwar et al 2014), sustainable forest management (Chetri, Joshi, & Maharjan 2007; Joshi & Maharjan 2007), and many aspects of livelihood problems (Bebbington et al 2006; Poteete & Ostrom 2004). In the context of decentralization in Indonesia, a study conducted by Bebbington et al. (2006) in 40 villages in West Java, Jambi and East Nusa Tenggara province finds that social capital is increased after decentralization policy and improves the capacities to solve some local livelihood and institutional problems.

## RESEARCH METHODS

By assuming that livelihood problems are more profound in the poor localities, this study purposively selects Serang, Kedarpan and Sumilir village of Purbalingga District, Central Java Province to be the study sites. Purbalingga District in Central Java Province is selected because it is the poorest district in the poor province. Serang, Kedarpan and Sumilir villages are selected due to their far distance from urban area, therefore character of rural areas is still dominant. Fieldworks were conducted in January to

February 2013. In each village, households were classified based on hamlet, gender and relative economic status. About 10% of them were randomly selected, thus 232 respondents consisting of 113 in Serang, 61 in Kedarpan and 58 in Sumilir were selected.

This study applies Bebbington's framework of capital and capabilities of rural development. The framework will be used in the context of the study villages, in which the areas are endowed with rich natural resources, particularly land and water, but villagers are not able to optimally utilize the resources due to low skill, insufficient financial capital and limited physical infrastructures. Benefits of institutional membership will be analyzed in line with those contexts.

## RESULTS AND FINDING

### Identification of Rural Institutions

The villages of Serang, Kedarpan and Sumilir covered an area of 13.09 km<sup>2</sup>, 2.25 km<sup>2</sup> and 2.26 km<sup>2</sup>, respectively. There were 1,256 households in Serang, 598 households in Kedarpan, and 564 household in Sumilir. Farming was the occupation of most villagers. 77% of household heads in Serang, 46% in Kedarpan, and 52% in Sumilir were farmer. The education of household heads was majority primary level.

At least 14 kinds of rural organizations existed in the study villages (Table 1). Some of them were state initiated organization having been existed since pre decentralization. These included Neighbourhood Groups (*Rukun Tetangga/RT*), Village Development Committee (*Lembaga Ketahanan Masyarakat Desa / LKMD*), Women Group (*Pemberdayaan Kesejahteraan Keluarga/PKK*), Health Post (*Posyandu*) Groups, Youth Group (*Karang taruna*) and Civilian Defence (*Hansip*). In addition, there were two newly state initiated organization established after decentralization, which were Village Parliament (*Badan Perwakilan Desa/BPD*), and pupil group (*Komite Sekolah*). Several community initiated groups also existed, which mainly included farmer groups and religious groups. In very limited number, there were artist group (*kelompok wayang*), sport

group and driver group in the study villages (Table 1).

BPD and LKMD could be categorized as formal institutions in village governance. BPD tasks were to formulate village regulations and to monitor village head, while LKMD tasks were to execute physical infrastructure projects. These organizations had members elected by village meeting. The members of BPD were 10 people in Serang, 5 people in Kedarpan and 4 people in Sumilir. The members of LKMD were 15 people in Serang, 12 people in Kedarpan and 9 people in Sumilir. Majority of them were civil service and averagely graduated from high secondary level. No periodic meeting was conducted, rather, the meeting was held as per need to respond the invitation of village heads. The activities were mainly about discussing village budget and executing development projects.

Under village, households were organized into RTs, which was a group of about fifty households living in the same area. Most RTs had periodic meeting, and village apparatus might come to socialize government programs. The heads were mostly farmer with education from primary level.

Their activities were mainly to maintain roads, to clean public facilities, to collect dues and to manage money-saving system (*arisan*).

PKK existed in the study villages. While the designated task was to train housewives in generating secondary income, its real activities were limited to ceremony in government meeting. Although all housewives were encouraged to join PKK, the current members were mostly the wife of village apparatus. It had no periodic meeting, except when there was a visitation from the sub district office.

*Posyandu* Groups existed in each hamlet. They were the organizations sponsored by health officers to promote rural health. The members mainly consisted of the pregnant, mother with child under five and elderly. They had periodic meeting every month, with the activities were medical check up, vaccination and contraception by health officer.

There were several farmer groups established by villagers. The groups had periodic meeting, and the activities ranged from maintaining irrigation channels, discussing to start plant seasons and managing *arisan*.

Table 1. Rural Organizations in the Study Villages

No	Name of institutions	Founder of organization	Number of groups		
			Serang	Kedarpan	Sumilir
1	RT	State	33	11	9
2	LKMD	State	1	1	1
3	BPD	State	1	1	1
4	PKK	State	1	1	1
5	<i>Posyandu</i>	State	8	6	3
6	Farmer group	Community	9	5	7
7	Religious group	Community	6	3	2
8	Funeral group	Community	0	1	0
9	Pupil group	State	6	2	1
10	<i>Karang Taruna</i>	State	1	1	1
11	Artist group	Community	0	0	1
12	Sport group	Community	2	1	0
13	<i>Hansip</i>	State	1	1	1
14	Driver group	Community	1	0	0

Source: Field Survey, 2013

Table 2. Respondent's Membership in Rural Institutions

No	Name of Organization	Serang		Kedar-pan		Sumilir		Total	
		Mem- bership	Active member	Mem- bership	Active member	Mem- bership	Active member	Mem- bership	Active member
1	RT	11(100)	64(58)	60(100)	38(63)	58(100)	33(57)	229(100)	135(59)
2	Religious group	43(39)	37(33)	21(35)	17(28)	15(26)	11(19)	79(34)	65(28)
3	Farmer group	40(36)	34(31)	12(20)	11(18)	11(19)	9(16)	63(28)	54(24)
4	Posyandu group	25(23)	20(18)	7(12)	5(8)	4(7)	3(5)	36(16)	28(12)
5	Funeral group	0(0)	0(0)	16(27)	15(25)	0(0)	0(0)	16(7)	15(7)
6	PKK	4(4)	3(3)	2(3)	2(3)	12(21)	8(14)	18(8)	13(6)
7	BPD	2(2)	2(2)	3(5)	1(2)	2(3)	2(3)	7(3)	5(2)
8	LKMD	3(3)	3(3)	2(3)	1(2)	0(0)	0(0)	5(2)	4(2)
9	Hansip	1(1)	1(1)	1(2)	0(0)	1(2)	1(2)	3(1)	2(1)
10	Karang Taruna	1(1)	0(0)	0(0)	0(0)	2(3)	0(0)	3(1)	0(0)

Source: Field Survey, 2013

Note: Number in parenthesis indicates a percentage by total respondents

Religious groups existed on the basis of mosque, which was usually established per hamlet. Periodic gathering were conducted with the main activities ranged from delivering preaching, organizing religious ceremony and maintaining religious facilities. In addition, a funeral group was found in Kedarpan. It had periodic meeting, and the activities were mixed from delivering preaching and managing *arisan*.

The rest groups, like *Karang Taruna*, artist group, sport group, *Hansip*, pupil groups and driver group existed just by formality. They had no clear membership and scheduled periodic meeting.

**Membership Activeness**

Respondents preferred to join in organizations that operated in hamlet level than those in village level. With the exception of RT where all households were automatically the member, most respondents were a member of religious groups, farmer groups and *Posyandu* groups. These were the groups that operated in hamlet level. It was seen that not only institutional membership, but also social relation, economic activities and daily interaction of villagers were focused at hamlet level. The other organizations, like PKK, *Hansip* and *Karang Taruna*, which operated at village level, had only few members. Although many respondents became members of rural organizations, not all of them were

active members. There was quite wide gap between "becoming a member" and "becoming an active member". For example, although all respondents were by the regulation the member of RT, only 59% of them were active members. By rank of having active members, RT was the most active group, followed by religious and farmer groups (Table 2).

In all study villages, most respondents became active member in one to two organizations. Number of active memberships was associated with gender, education and poverty status. Those who were male, educated from elementary and not poor became active member in more organizations (Table 3).

**Benefits for Rural Development**

Member meeting substantially determined whether an organization properly works or not. Discussion about identification of local problems and the solution, plan of collective action, transfer of information and deliverance of empowerment were conducted through organization meeting. Moreover, decision of the winner of *arisan* and recipient of loan were also made during the meeting.

Customarily, the meetings of village government with LKMD, BPD and PKK were conducted during work hours in the village office, between 09.00 and 12.00 A.M.. A for-

Table 3. Socio-Economic Factors of Memberships

No	Variables	Number of active membership				Total	P value
		None	1-2 Groups	3-4 groups	5 groups or more		
1	Village						
	Serang	21(9)	44(19)	25(11)	23(10)	113(49)	0.75
	Kedarpan	12(5)	22(9)	14(6)	13(6)	61(26)	
Sumilir	11(5)	26(11)	15(6)	6(3)	58(25)		
2	Sex						0.005***
	Male	33(14)	84(36)	49(21)	41(18)	207(89)	
	Female	11(5)	8(3)	5(2)	1(0)	25(11)	
3	Education						0.025**
	None	18(8)	22(9)	7(3)	3(1)	50(22)	
	Primary	21(9)	52(22)	31(13)	30(13)	134(58)	
	Low secondary	2(1)	12(5)	9(4)	5(2)	28(12)	
	High secondary	3(1)	5(2)	5(2)	2(1)	15(6)	
	University	0	1(0)	2(1)	2(1)	5(2)	
4	Occupation						0.138
	Agriculture	30(13)	64(28)	36(16)	26(11)	156(67)	
	Business	4(2)	6(3)	4(2)	7(3)	21(9)	
	Jobless	4(2)	0	1(0)	1(0)	6(3)	
	Labour	5(2)	15(6)	7(3)	4(2)	31(13)	
	Salaried job	1(0)	7(3)	6(3)	4(2)	18(8)	
5	Poverty status						0.008***
	Poor	23(10)	43(19)	24(10)	8(3)	98(42)	
	Non poor	21(9)	49(21)	30(13)	34(15)	134(58)	

Source: Field Survey, 2013

Note: Number in parenthesis indicates a percentage; Chi Square technique was applied, and \*\*\*, \*\*, \* mean significant at 1%, 5%, and 10%, respectively

malized mechanism was applied through deliverance of invitation issued by village head. Those receiving no letter of invitation was reluctant to attend, thus they were automatically excluded from the meeting. Whereas, the meetings by BPD and LKMD were usually to discuss village budgetary decision, which was decisive in decentralization. The formalization of meeting had excluded many ordinary villagers from the process of decision making.

The meetings of the rest groups were flexibly conducted. It was located in the house of a villager, conducted informally without letter of invitation, and all villagers were encouraged to attend. Especially for RT and farmer groups, their meetings were customarily conducted in the night, between 07.00 to 10.00 P.M.. The interviewed heads

said that it was impossible to conduct a meeting in the daylight since most villagers were working in the crop land, thus would not come. Conducting meeting in the night, many villagers could attend the meeting. In these meetings, many livelihood problems were discussed to seek for solutions from the members. The livelihood problems were various, which ranged from the way to distribute irrigation water in just manner, to arrange schedule of road cleaning, and even to discuss the solution for villager who cannot pay the debt from the arisan within the organization.

#### 1. *Improvement in Human Capital*

In term of human capital, agriculture extension service is needed to improve villager's skill in earning income. Improvement of hu-

Table 3. Socio-Economic Factors of Memberships

No	Variables	Number of active membership				Total	P value
		None	1-2 Groups	3-4 groups	5 groups or more		
	Village						
1	Serang	21(9)	44(19)	25(11)	23(10)	113(49)	0.75
	Kedarpan	12(5)	22(9)	14(6)	13(6)	61(26)	
	Sumilir	11(5)	26(11)	15(6)	6(3)	58(25)	
	Sex						
2	Male	33(14)	84(36)	49(21)	41(18)	207(89)	
	Female	11(5)	8(3)	5(2)	1(0)	25(11)	
	Education						
3	None	18(8)	22(9)	7(3)	3(1)	50(22)	
	Primary	21(9)	52(22)	31(13)	30(13)	134(58)	
	Low secondary	2(1)	12(5)	9(4)	5(2)	28(12)	
	High secondary	3(1)	5(2)	5(2)	2(1)	15(6)	
	University	0	1(0)	2(1)	2(1)	5(2)	
	Occupation						
4	Agriculture	30(13)	64(28)	36(16)	26(11)	156(67)	0.138
	Business	4(2)	6(3)	4(2)	7(3)	21(9)	
	Jobless	4(2)	0	1(0)	1(0)	6(3)	
	Labour	5(2)	15(6)	7(3)	4(2)	31(13)	
	Salaried job	1(0)	7(3)	6(3)	4(2)	18(8)	
	Poverty status						
5	Poor	23(10)	43(19)	24(10)	8(3)	98(42)	
	Non poor	21(9)	49(21)	30(13)	34(15)	134(58)	

Source: Field Survey, 2013

Note: Number in parenthesis indicates a percentage; Chi Square technique was applied, and \*\*\*, \*\*, \* mean significant at 1%, 5%, and 10%, respectively

man capital through empowerment, especially related to participation in village budgetary decision, is also deemed important in the context of decentralization. It was the farmer groups where the officers from agriculture office might come to deliver extension service. However, since agriculture officers were staying out of the study villages, and the meetings of the farmer groups were conducted in the nights, thus the officers rarely attended the meeting. Difficulties to manage time, relatively isolated location of meeting and unavailability of travel cost were factors discouraging agriculture officers to come to the farmer group meetings.

As an impact, although many respondents became a member of farmer groups, their skill to exercise agriculture was not op-

timally improved. Most respondents (55%) never received any agriculture extension services in the last ten years. Nevertheless, although not so optimal, membership in rural institutions improved the frequency of agriculture extension service. The more respondent becoming active member, the higher was frequency of received agriculture extension services (Table 4).

With regard to respondent's participation in village budgetary decision, most respondents (49%) were never involved in decision making (Table 5). It was the RT groups where village apparatus often came to the meeting to discuss about administrative affairs. However, most respondent said that the apparatus only informed what the decision having been made in village mee-

**Extension Service**

Number of groups	Times of agriculture extension service in the last ten years				P value
	Never	1-2	3-4	5 or more	
None	35(15)	6(3)	1(0)	2(1)	
1 groups	53(23)	19(8)	15(6)	5(2)	
- 2 groups	28(12)	7(3)	16(7)	3(1)	0***
- 3 or more group	12(5)	10(4)	18(8)	2(1)	
<b>Total</b>	<b>128(55)</b>	<b>42(18)</b>	<b>50(22)</b>	<b>12(5)</b>	

Source: Field Survey, 2013

Note: Number in parenthesis indicates a percentage; Chi Square technique was applied, and \*\*\*, \*\*, \* mean significant at 1%, 5%, and 10%, respectively

Table 5. Participation in Village Budgetary Decision

Number of active groups	Participation in village budgetary decision				P value
	Never	Rarely	Often	Always	
None	33(14)	8(3)	2(1)	1(0)	
1 groups	45(19)	34(15)	9(4)	4(2)	
2 groups	25(11)	10(4)	13(6)	6(3)	0***
3 or more group	10(4)	14(6)	9(4)	9(4)	
<b>Total</b>	<b>113(49)</b>	<b>66(28)</b>	<b>33(14)</b>	<b>20(9)</b>	

Source: Field Survey, 2013

Note: Number in parenthesis indicates a percentage; Chi Square technique was applied, and \*\*\*, \*\*, \* mean significant at 1%, 5%, and 10%, respectively

ting. Nevertheless, being active in rural organization improved the possibility to be involved in budgetary decision, thus respondent participation in village budgetary decision was increased in line with number of active memberships.

Low respondent's participation in village budgetary decision was not merely the mistake of village apparatus. The interviewed village head<sup>1</sup> said that the mechanism established by the government did not make compulsory to him to involve all villagers in budgetary decision making. Rather, it was deemed enough only to involve BPD member and some representation from PKK, LKMD, and RT heads. Documentary study on District Head Decree<sup>2</sup> finds that it was procedurally enough to conduct village budgetary meeting just by involving mem-

1 Interview with the head of Sumilir Village in February 3<sup>rd</sup>, 2013

2 Decree of Purbalingga District Head 14/2010 on General Guideline of Village Fund Allocation

bers of LKMD, head of BPD, village apparatus, RT heads and community prominent figures. Therefore, in most of decisions made by village government, most villagers had no access to participate.

**2. Improvement in Financial Capital**

In term of financial capital, rural institutions are expected to improve member's access to financial institutions, either for saving or loan. In this regards, one unique nature of rural organizations in Indonesia is that many of them managed *arisan*. In most of organizations, *arisan* also provides soft loan for the members. With regard to access to financial institutions, most respondents (60%) at least had one to two *arisans*, which means that they had an alternative source of loan when it was needed. The more respondent becoming active member, the higher was number of *arisan* he had (Table 6)