

It Takes a Village to do Microfinance Right:
Effects of Microfinance on Gender Relations in Bali

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intrahousehold decision-making, social mobility, intergenerational impacts

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ABSTRACT

Debates on whether microfinance remains an effective measure to eradicate poverty and empower women have continued with a bigger question of if an alternative model is available to outweigh the problems of group-based solidarity-based lending scheme. This dissertation aims to study if and how a Lembaga Perkreditan Desa (LPD) – a community owned microfinance – affects women’s agency in household and society, and most importantly to observe if it has long term effects on the reconstruction of gendered roles and relations.

This study employed participation observation and semi-structured interviews for data collection because each method allowed the exploration of multi layered information and tacit values that other data collection methods do not provide. I spent four months conducting participant observation with female LPD clients from four villages and eight semi-structured interviews around Bali.

This study concludes that social capital affects LPD’s performance. Impacts of social capital on LPD are posited to occur through the immersion of LPDs into the village governance system that renders members’ loyalty, trust, and respect, and the adoption of shared customary laws to name a few. LPD is also proven to strengthen social capital by increasing interdependence among community members; boosting the members’ sense of belonging, trust, and responsibility for community development. However, LPD does not necessarily foster women’s social capital.

This study also found that access to LPD corresponds to women’s agency in the household decision-making process. Three features of cooperative decision-making in household are 1) the ability to switch roles in the loan application process, 2) any LPD related financial decisions will involve women’s opinion or approval in it, and 3) women have the control over the allocation and repayment of the loans from LPD. Furthermore, I argue that LPD facilitates women’s social mobility by ensuring that their access to LPD remains intact. Moreover, LPD causes intergenerational impacts when women are involved in the lending-saving mechanism. Lastly, this study argues that LPD has long-term effects on the reconstruction of gendered roles and relations in Balinese society.

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GENERAL AUDIENCE ABSTRACT

This dissertation investigates the impacts of Lembaga Perkreditan Desa (LPD) – a community-owned village bank – to Balinese women from the perspective of four female LPD clients residing in various villages in Bali. In general, the study aims to gain understanding about rural Indonesian women in navigating their opportunities in male-oriented microfinance system.

The study found that members of society – female and male – develop a shared understanding, norms, trust, and resources to strengthen their ties among each other called as community capital. My dissertation found that there exists a two-way relationship, instead of one way, between social capital and LPD. Derived from those reciprocal relationship, I argue that LPD may empower women in household and society, though it also may disempower them due to the LPD's rules.

Furthermore, LPD affects women's capacity to make decisions in their households. These decisions including the ability to choose the right and most practical role when applying for loans and most importantly the capacity to manage the use of loans.

LPD corresponds to women's economic attainment and mobility across villages, yet, it does not correspond to the development of their professional networks. Moreover, LPD creates impacts across generation due to its lending mechanism, payment procedures, and financial benefits from allocating the loans for income generating activities.

Lastly, if the LPD transforms the current and future relationships among men and women in household and society? my study found that LPD, through its immersion into the village system and customary values that guide the life of all community members, paves the way for women's empowerment today and in the future.

To my sunshine

Elyana Hemawan

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GLOSSARY

Artha*	: Economic values.
Awig-awig*	: Customary law
Banjar*	: Village assembly hall
BKS	: Badan Kerja Sama, Association of LPDs
BPD	: Bank Pembangunan Daerah, Regional Development Bank of Bali
BRI	: Bank Rakyat Indonesia, People's Bank of Indonesia
BRI Unit Desa	: The village unit of BRI
Bupati	: Regent, or the head of a regency
Camat	: The head of a sub-district
Dewa	: God
Dewi	: Goddess
Desa adat	: Customary village
Desa dinas	: Administrative village
Dharma*	: Righteousness, moral values
DKI	: Daerah Khusus Ibukota, location of the Indonesia's capital
Dusun	: Village/hamlet
Gubernur	: The head of a province
Ibu	: Mother or Mam
Kabupaten	: Municipality
Kama*	: Physical values, pleasure
Karma*	: Deeds (good or bad)
Karma Phala*	: The results of one's actions
Kecamatan	: Sub-district
Kepala desa (also called Lurah)	: Head of an administrative village
Kepala dusun	: Head of a village sub-area
Krama desa pekraman	: A member of a customary village
LDKP	: Lembaga Dana Kredit Perdesaan, Rural Fund & Credit Institution
LPD	: Lembaga Perkreditan Desa, Community-owned microfinance institution
LPLPD	: Lembaga Pemberdayaan Lembaga Perkreditan Desa, LPD's empowerment organization
Mahabarata*	: A Sanskrit epic about a war between two groups of cousins, regarded as an important source of information about the origin of Hinduism
Moksa*	: Spiritual values, eternal freedom from reincarnation
MUDP	: Majelis Umum Desa Pekraman (MUDP)
Ngaben*	: Cremation ceremony
Panureksa*	: Internal supervisor
Paruman desa*	: General assembly meeting

Perda	: Peraturan daerah, Provincial regulation passed by the sitting governor
Phala*	: One's deeds
PLPDK	: Pembina Lembaga Perkreditan Desa Kabupaten, LPD supervisory organization
Pradana*	: Male (masculine) element
Prajuru*	: LPD's staff
Pura*	: Temple
Pura Dalem*	: A temple to worship Siva
Pura Desa*	: A temple to worship Brahma
Pura Puseh*	: A temple to worship Wisnu
Purusa*	: Female (feminine) element
Ramayana*	: Another Sankrit epic besides Mahabrata narrate the life of Rama, the prince of Ayodya
Rupiah (Rp)	: Indonesian currency
Subak*	: The Balinese traditional paddy field water management system
Tri Hita Karana*	: Three causes of prosperity in life
Undang-undang	: Statute/act
Yajnya*	: Sincere sacrifice to God

*) in Balinese or Sanskrit (local)

***) in Indonesian language (national)

CHAPTER I: INTRODUCTION

1.1. Background

The ability to access credit and other financial resources that go beyond simple savings remains a common challenge for women (and many men) in developing countries. This disadvantage impedes women's participation in both formal and informal economies. The International Financial Corporation estimates that 70 percent of small-to medium-sized enterprises (SMEs) owned by women in developing countries lack access to credit, resulting in a \$285 billion credit gap (Stupnytska et al., 2014). By closing this gap, developing countries could increase their growth domestic product (GDP) per capita by 12 percent by 2030, the report adds (Stupnytska et al., 2014). Moreover, studies find that female-controlled finances lead to a "virtuous cycle" as the spending is likely to be spent on products and services meant to improve the family's productivity and welfare, including some basic spending such as food, healthcare, and education, or deferred as savings and future investments (Banerjee et al., 2012).

Asli Demirguc-Kunt, Leora Klapper, Dorothe Singer, and Peter Van Oudheusden (2015) stated that about 62 percent of adults (aged 15 and older) around the globe have access to a formal financial institution or mobile banking provider. Nonetheless, the report also found that women's account ownership remains lower than men at about seven percent, which has persisted since 2011 to 2014 (Kunt, et al., 2015). Further, women's access to a formal account is usually gained via joint account ownership with family members, which posits another challenge of limited or zero control over the use of the account assets (Women's World Banking, 2016).

The concept of microfinance (i.e. the extension of small scale and collateral free loans to empower the impoverished in developing countries) has gained momentum since the Grameen Bank developed in Bangladesh in the 1980s. It provides an institutionalized opportunity for access to finance to unserved and underserved individuals that offers options beyond a formal banking system. Studies have found that microfinance has enhanced women's status in the family, increased their self-confidence, and led to social and economic empowerment, subverting some of the challenges of oppression and violence experienced by many women (Yunus, 1998; Sanyal, 2009; Alam, 2012; Adams et al., 2008). Paromita Sanyal (2009) observes that when women utilize small loans for productive ends, they participate in business transactions and interact with others more frequently. The loans not only transform their social relationships but also inculcate "trust, intimacy, and mutual concern" among the women loan recipients to collectively withstand and resist domestic violence or annul underage marriages (Sanyal, 2009, p. 543). Moreover, allowing women to borrow from a women specific financial institution might result in relaxing some social norms and constraints that are biased against women (Adam, 2012).

While microfinance once was considered to be a "disruptive force" (Arnopoulos, 2010) that challenged the unbreakable gaps between genders in accessing financial assistance, the future of microfinance institutions (MFIs) are being constantly questioned as to whether they achieve meaningful development progress and whether they can remain a crucial type of organization for effective international development. Furthermore, there is also a persistent debate as to whether mission-led MFIs – i.e. MFIs that are initiated by donors or external parties – are more effective at building social value for their clients than local, community-grown MFIs (the focus of this dissertation).

1.1.1. Research motivations

My interest in micro lending and savings provision for the un-bankable group of population in Indonesia and many places around the world is motivated by a concern for empowering the poor and underserved population through community-initiated financing. I argue that this model is more sustainable than non-communal based approaches, because it relies on people's shared values to create more equal distributions of development outcomes.

Although many studies of the Grameen model have showed its advantages and disadvantages, perceiving it as a “one of a kind” microfinance model risks reaching false conclusions about microfinance practice in general. I argue that this failure stems from two concerns: the inability to comprehend that formalized small-scale financial provision is a spectrum of activities and a lack of attention to the cultural and social contexts of the communities within which microfinance programs operate. According to John Kuumuori Ganle, Kwadwo Afriyie, and Alexander Yao Segbefia (2014), “an understanding of the nature of potential loan recipients and the socio-cultural context within which they live” is important to understanding how microfinance works (p. 339). Given this, studies must be context specific and should avoid broad conclusions, considering the large variety of microfinancing models in the world. By studying the case of Lembaga Perkreditan Desa (LPDs) in Bali – drawing on its observations of practices in a country-specific study, this research will shed light on a model of community financing that exists in a specific societal setting, enriching empirical findings about microfinancing in developing countries.

Many studies have done impressive work revealing the effects of microfinance in advancing women's self-worth, economic productivity, and well-being, as well as their heightened agency in household and society (Yunus, 1998; Sanyal, 2009; Pitt et al., 1998;

Gobezie, 2010) using a combination of research methods. My research will contribute to the intellectual debate about whether microfinance, especially a community-owned model like LPDs, brings social and economic benefits to women by incorporating situated cultural context and social norms within which LPDs operate.

By examining the role of women in intrahousehold power dynamics (Fuwa, et al., 2006; Alderman, et al., 1995; Doss, 2013) and decision-making processes about using LPD loans, this research elucidates the role of LPDs in improving women's agency in society and household. Further, this study also examines whether making micro loans only for women is the best way to make them empowered economically and politically. Collecting data through participant observation allows the study to highlight women's concerns and experiences through their own lenses. At the same time, this method enabled me to see many "unseen" factors that are important for drawing inferences.

During the period of the 1980s to the 2000s, microfinance or microloans were the epitome of international development initiatives, channeling the flow of money from developed to less developed countries. The worldwide spread of microcredit programs, especially the Grameen model, made of giving small- loans to someone living in a poor country a reasonable and profitable approach for poverty alleviation (Bateman, 2010; Brau, et al., 2004). As Morduch (1997) describes, this model was "a new paradigm for thinking about economic development" (p.1). As more and more international development projects shift from the classic Grameen model toward local group-based savings and lending (Schechter, 2017), the results from this study will address the international demand for new insights about community-owned microfinancing mechanisms, especially ones that operate in developing countries.

1.1.2. Research questions and objectives

Generally, many women around the world experience poverty, domestication, sexual violence, and political marginalization at higher rates than men. Even a non-sex specific poverty alleviation approach is in fact deeply gendered and has systematically disparate consequences for women (Jaggar, 2014). In many societies, women are intentionally socially excluded despite women's frequent desire to be included in financial decisions and productive activities. Deniz Kandiyoti (1988) argues that women might strategize within a set of institutionalized patriarchal constraints (e.g. through limitations in accessing loans) and create what she calls a "patriarchal bargain" p. 275). "Patriarchal bargain" signifies the extent to which women are able to maximize their own power and options without openly rejecting patriarchal norms. Their power and options might be influenced by social, cultural, economic, and political factor embedded in the society.

For households in Bali, Indonesia, the ties between women's empowerment, especially married women, and its intersection with patriarchy, are challenging to identify. Patriarchy is pervasive among human interactions and the formation of institutions, because people give life to the system. With abundant roles in this patriarchal system, which stretch from domestic issues to keeping up with the societal demands, married women are required to be devoted to the maintenance and reproduction of the patriarchal system and at the same time be self-sufficient. Being a married woman in Bali brings with it societal expectations such as leaving her parents' home and psychologically disconnecting from her ancestors; having one or more children (preferably boys to preserve family traditions and the lineage of inheritance) who are also obedient. Due to these archetypes, there is less urgency for women to pursue higher education or to attain additional skillsets outside the household. Yet, I hypothesize that (married) women

seem to be at their lowest level of confidence when it comes to discussing their rights in embodying their economic agency independent from their husbands or male relatives. Balinese women often prioritize receiving approval from their husbands or male relatives before making a so-called “risky decision for women” such as buying new property, starting a business, and applying for loans.

While many scholars studying microfinance focus on state- and individual-level concerns, the impacts of microfinance, specifically community-owned arrangements, at the household level have yet to be fully explored. In this dissertation I examine the ways in which women in traditional communities in Bali are involved in household decision-making processes, paying special attention to whether a unitary or a cooperative intrahousehold bargaining model exists. My in-depth study focuses on the extent to which gender influences the household division of labor and resource control and allocation. Furthermore, by delving into women’s participation in a form of communal financing like LPDs, my study raises questions, which to my knowledge have never been asked in relation to microfinance, about whether communal financing has intergenerational impacts on women. Whether and how those impacts are related to women’s social mobility is another question the study explores.

The contextual examination of LPDs in this dissertation unveils social values and norms embedded in Balinese society that together or individually correspond to the practice of community-owned microfinance. Although many microfinance studies in general focus on observing the extent to which customs and social capital affect the way microfinance operates (Feigenberg, et al., 2009; Rankin, 2002; Anthony, 1997; Morduch, 1999), fewer look at whether microfinance impacts social capital (Mafukata et al., 2016; Sanyal, 2009). Thus, this study sheds light on whether LPDs inform, challenge, or transform social norms, especially those pertinent to

women and their position in society. Besides complementing existing research on the two-way relationships between social capital and microfinance, this research contributes specifically to the few early studies of the impacts that LPDs have on community's and women's social capital.

These subjects are structured around two primary research questions. First, does participation in LPDs' lending process affect Balinese women's status and position in intrahousehold relationships? Second, how does the institutionalized patriarchal system at the community level affect women's status and position in household decision-making? In general, the study aims to:

1. Discuss the gender-specific nature of social capital; in other words, to examine the networks or bonding among female members of a community, as well as to investigate factors that bridge women's network development outside their households;
2. Gain insight into rural Indonesian women who have comparatively little representation in women's studies research. This makes it possible for feminist scholars to gain insight into rural Indonesian women who must navigate poverty and gender injustice in male-oriented microfinance institutions;
3. Relate the study findings to a wider literature discussing internal household decision-making processes, social values, community-owned MFIs, and the creation of pro-women financial products;
4. Better inform policy makers about gender empowerment modeling and development issues in the world, and most importantly, as a future reference for research on the subject of microfinance in Indonesia and similar forms of microfinance elsewhere in the world.

Specifically, the objectives of the study are:

1. To examine the reciprocal relationships between community capital and community owned-microfinance institutions;
2. To observe the extent to which participation in the community-owned microfinance lending process affects women's status and position in intrahousehold relationships;
3. To investigate the social mobility aspects and intergenerational impacts of community-owned microfinance schemes;
4. To establish a framework for a community-owned microfinance with considerations of gender justice as well as the culturally and socially intrinsic factors embedded in a community.

1.1.3. Main arguments

The argument that MFIs and their markets are oversaturated - magnified by the Andra Pradesh tragedy in 2010, mission drift (further described in Chapter 3), and robust initial public offerings (IPOs)/acquisitions by bigger entities – underlies many current debates about MFIs in the second decade of the 21st century. Analysts describe MFIs' presence as a political medium in Latin America (Bateman, 2013; Bedecarrats, et al., 2012) as a dangerous diversion from their social interest that could lead to a major downturn of the overall microfinance mechanism. In my opinion, such prejudice could potentially undermine the ability of existing MFIs to thrive through trial and error with new business models and trigger distrust among clientele. MFIs are expected to continue growing by blending two advantages: digital financial services, focusing on costs reduction, and traditional face-to-face “high touch” interaction, focusing on risk reduction.

First this dissertation argues that communal financing like LPDs has major potential to be powerful means for paving the way to nourish and sustain social networks, and norms and

values, and for creating shared understandings among community members. In other words, LPDs generate social capital. Social capital also fosters LPDs. LPDs also tend to reflect and institutionalize practices and/or norms that may or may disadvantage women, such as male-based leadership, kinship, and patrilineality. All of this challenges the premise that communal financing benefits women.

Secondly, despite LPDs' intended social benefits (see Chapter 6), Balinese women are disproportionately not granted financial agency inside or outside the household. Several injustices and assumptions underlying women's status and position remain unchallenged, either by Balinese women themselves or by the community in general. By outlining stories from four married Balinese women gathered through participant observation, this study attempts to describe such phenomena. Factors such as the archetype of being an "honored" Balinese woman, scripted and unscripted social norms, the patrilocal marriage system, and the law of karma may perpetuate unequal opportunities based on gender.

Lastly, this dissertation shows that community owned microfinance institutions like LPDs create intergenerational impacts induced by two factors: LPDs' lending procedures and a shared value about the law of karma. Further, the study also suggests that intergenerational consequences from utilizing LPDs might influence one's social mobility.

1.1.4 Scope of the dissertation

Using both participant observation and semi-structured interviews, the study examined four married Balinese women, leaders of LPDs, leaders of customary villages, leaders of LPDs regulatory body, and the head of government office managing LPDs around Bali. At the time the study was conducted, there were 1,433 units of LPDs spreading across Bali, with 1,296 considered sound and operating.

The dissertation's analyses combine insights and experiences I gained through four months of field work, in addition to a decade of experience working with this topic prior to doing the study. This long-standing relationship helped me to develop mutual relationships with several stakeholders that benefited the study. In relation to the potential of cultural baggage and respondent selection bias, the study was designed by carefully choosing study locations, applying cultural relativism, and selecting informants.

Ethnography is a form of data inquiry that emphasizes the value of interaction with those studied and their experiential knowledge. Judith Stacey (1988) notes that ethnography's approach is circumstantial and relational in order to highlight realities in everyday life and individual agency. Applying participant observation as one of the most commonly used forms of data inquiry in ethnographic study allowed me to develop relationships, reflectiveness, and sustainable engagement with study informants to possibly expand the study to various settings in the future.

Given the method used, the approach, and the socio-economic status of the study subjects, which make the study results are specifically applicable for the society under study, I argue that they are analytically generalizable in regards to several theoretical conceptions such as women's agency and communal values. Moreover, this study strengthens what Robert Stake (1995) calls petit-generalization¹ and at the same time bolsters an ultimate goal of promoting a synergetic relationship between scholarship and civic engagement in understanding culture and society and their intersections with economic development, gender issues, poverty, and poverty alleviation.

¹ See Stake (1995)

1.1.5. Structure of the dissertation

This chapter explores the concept of international development and how microfinance fits into its general discourse. It also describes the gender dimensions of global development by comparing the male centric and female centric approach of development, followed by discussing the extent to which microfinance is relevant to extend women's role in economic development. Further, this chapter also explores a cycle of empowerment to describe the relation between gender equality and microfinance, especially in developing areas. Further, it provides a comprehensive explanation to an issue that is commonly overlooked, which is the concept and transformation of microfinance institutions from centuries ago up to the current moment. It will also highlight microfinance's contradictions and controversies, and how they inform its future.

Chapter 2 delves into the research strategy, methodology, research tools, and theory building the study used. It also addresses personal challenges the author faced during the fieldwork.

Chapter 3 sets the scene and provides a comprehensive introduction to the political, economic, and social situation in Bali, Indonesia. It then outlines the background of LPD as the one and only community-owned microfinance, its context within the Balinese culture, its institutional transformation and development, and its growing roles for the survival of the Balinese people's wellbeing. I developed a conceptual framework using this background as a basis to conduct the research and analyze the results.

Chapter 4 explores how communalities affect how loans are dispersed by a microfinance institution. The first half of the chapter will describe the theoretical and empirical interconnectedness between community, social capital, and LPD by highlighting several socially

and culturally intrinsic factors. Further, the chapter observes how community capital affects the empowerment of women.

Chapter 5 presents the concept of intrahousehold decision-making and resource allocation in contrast to gender roles, especially in a patriarchal society. It provides the analytical framework and the empirical evidence on women's bargaining power in decision-making processes.

Chapter 6 specifically outlines the LPDs' influence on women's social mobility, looking at four aspects: economic betterment, civilian connection, knowledge achievement, and social networks. Most importantly, this chapter introduces the intergenerational impacts that LPDs have on the society.

Chapter 7 summarizes the major arguments made in this dissertation and draws conclusions about the future of community-based microfinance within the realm of economic development.

1.2. Microfinance: then, now, and later

1.2.1. The history of microfinance: what do we know?

Ever since the Bangladesh's Grameen model of small non-collateral loan provisions became the global phenomena for its outreach to millions of impoverished and un-bankable women populations in Bangladesh, this approach has been adopted and replicated worldwide² provided the basic claim that "poor people can be good credit risks" (Robinson, 2001, p. xxxi). This model extends the concept of solidarity lending, which is one of its most distinctive features: the requirement for small groups of female borrowers to borrow money collectively where each member will encourage one another to repay in order to guarantee future loans.

² See Joshee (2008) for the study of non-government organizations initiating Grameen model replication in Nepal and Seibel et al. (1999) for the example of Grameen replications in the Philippines.

“Microcredit” or “microlending” is generally characterized by direct financing through a group-based lending mechanism, small loans and repayments, close supervision of loan utilization, compulsory savings among members of the group, and loan utilization for productive uses.

However, what is microcredit and how does it become microfinance? What is their foundation? And what is the beginning of these all, are rarely displayed as a proper background in many research and publication about microfinance. This chapter details some of the relevant history of small lending and its revolution into what the world is witnessing since the last three decades through microfinance. It is imperative to be as clear as possible about the origins of microfinance in order to equally unpack factors beyond economy that affect and transform its existence, as well as to overcome ambiguities with alike institutions.

Indigenous micro-banking is dated centuries back in several areas of Asia, including moneylenders, chit funds or rotating savings and credit associations³ (Sanyal, 2014), as well as merchant banking initiated by farmers and/or micro entrepreneurs (Seibel, 2005). These associations were mostly informal, self-reliant, and indigenous. Meanwhile, in Europe (Ireland and Germany, specifically), the microfinance’s birth dates back to the 16th and 17th century due to tremendous increases in poverty. In Ireland, the earliest form of loans emerged in the 1720s when donations were disbursed through a free-interest form that later was replaced by a more formal form of borrowing-saving activity. Loans were short-term and installments were weekly. In Germany, the first community-owned financial institution began during the latter part of the 18th century and comprised of two forms: community savings funds and member-owned cooperative associations (in the more recent years they are referred to bank and cooperative respectively). In 1778, the first thrift store or safe deposit facility for poorer sections of

³ Commonly abbreviated as ROSCAs

communities was established in Hamburg. Meanwhile, the year 1801 marked the establishment of a communal saving fund (Seibel, 2005). In the early 1800s, Europe witnessed a burgeoning cooperative movement that began in England and Scotland through the establishment of union shops that provide an outlet for the members' products (Birchall, 1997). The emergence of these institutions was sparked by a desire to transform the lives of the poor and the new industrial working classes and to cope with the perils and exploitation associated with industrial capitalism in the 18th century.

Although many countries in Asia had liberated from colonialism for decades ago, many of these states are still grappling with problems related to democratic governance, people's welfare, development, security, and territorial boundaries (Shastri, 2001). The worldwide economic turmoil due to the rocketed oil price in the early 1970s had inflated the price of many other commodities, especially food. This condition then redirected the attention of many foreign donor organizations from endowing resources in massive infrastructure investments toward land cultivation, adult literacy campaigns, social capital development programs in less developed countries (Moyo, 2009).

The reinvention of 'new-wave' microfinance as a self-improvement project has risen as a novel solution for an old problem—relentless penury. The story has expanded through an avant-garde innovation as exemplified by Grameen Bank in Bangladesh and the consequent replication of this form around the globe. The Grameen Bank—invented by Muhammad Yunus—was started in the 1970s to disburse collateral-free loans by forming self-help groups (SHGs), which consisted of five women who shared liabilities. Muhammad Yunus (as cited from Bateman et al., 2012) argues that microfinance will greatly benefit the poor everywhere, especially women. Others say that these initiatives have also come to be seen as the single most effective strategy

for addressing both poverty and gender inequality (Wilson, 2015) and will make the societies in which they live more equitable politically and competitive economically (Keating et.al, 2010).

It is also accentuated by the paradigm shift that despite the poor's economic vulnerability, their community interdependence and trust make them a reliable group of people to lend the money for. A magnificent work on the revolution of microfinance entitled *The Microfinance Revolution Sustainable Finance for the Poor* by Marguerite S. Robinson provides in-depth analyses on the development of microfinance in many rural areas in Asia. Robinson (2001) describes that during the period of 1970s and 1980s, a group of people representing various academic background conducted field works in several locations in developing countries to investigate the dynamics of financial markets in these places. She equalizes between the outsiders bring in religion with the outsiders bring in money and other resources to describe the transformation that these regions were about to have (Robinson, 2001) due to the development of several pre-microfinance institutions such as rural saving, micro business loan, cooperative, and agricultural credit. In RoSCAs, organizations are structured informally and grown organically from a familial relationship (Sanyal, 2014). However, the ultra-poor population was – and is still – mistakenly considered as the main target of these financing schemes – induces the provision of meager size loans – merely due to the lack of collateral. In fact, when loans are too small in value, it is not only insufficient to survive in the market economic, more importantly, there is a great chance of loan misused to fulfil basic daily consumption.

Then, the large-scale provision of small loans and savings products to low-income households provided by safe, modern, and commercial financing institutions marked the emergence of a microfinance system itself. It is unclear when was the term microfinance firstly used and who coined the term. Nonetheless, in an attempt to achieve wide client outreach and

provide affordable loans, Robinson (2001) highlights one persistent problem that most bankers have wrongfully done which was the use of government and/or donor money to provide subsidized credit. After a few decades, this practice still exists although becomes less popular. Microfinance also facilitates the development of many civil societies, or at least allows the already existed ones to thrive. One of the reasons is because these organizations have created networks and cooperation with population similar to the microfinance.

Following the emergence of the early concept of microfinance – called as MF 1.0 – is MF 2.0, introduces the beginning of the microfinance commercialization era (Scmidth, 2013), which means that microfinance should strive to build profitable businesses and become donor-independent. Further, microfinance must also institutionalize the concept of cost coverage and financial self-sustainability which opens the door for many non-government organizations to be the microfinance providers (Scmidth, 2013). Later, many commercial financial institutions also created a unit focusing on providing small savings and credit services to fulfil the demand of the economically active poor population. Two commercial banks that were successfully developing their micro banking divisions are Bank Rakyat Indonesia (BRI) that mobilized savings to finance its loans; and, BancoSol of Bolivia that relies on savings, commercial debt, and for-profit investment to finance its loans (Robinson, 2001).

Furthermore, recognizing the difference between microcredit and microfinance is also important although both are often used interchangeably. Microcredit is defined as provision of very small loans for unsalaried borrowers with little or no collateral, provided by legally registered institutions (Sengupta, et al., 2008; CGAP, 2010). Microfinance refers to provision of other financial services for poor and low-income clients beyond loans such as savings, payment points, money transfer, and insurance policies (Sengupta, et al., 2008; CGAP, 2001). Given these

definitions, microfinance does not have a finite form, instead, it is a spectrum of various forms of mechanisms for small-scale financial products provisions.

Principally, small scale credit impacts its recipients in quite distinctive ways compared to big scale credit, in the sense that small loans for productive purposes will indeed generate income, yet the amount will not be as big as when one takes a big scale loan. Small scale loans could also potentially saddle the recipients with unsustainable debt especially when loans are extended to micro scale businesses (Hickel, 2015). The argument is that these entrepreneurs, as new players in the business, usually encounter a lack of consumer demand, and when there is such a demand, it mostly comes from poor and low-cash customers. To add, loans are often spent in non-income generating activities, resulting in multi layers of debt (Hickel, 2015). Consequently, life transforming processes will not be swiftly realized.

I also want to highlight the fact that in many places, aside from being the client for microfinance, women also work for the microfinance institution itself. They are commonly employed as credit administrator, treasure, or client service. This phenomenon allows us to explore more fully from a different stand point the impacts that microfinance has on women's lives. A study by Muhammad Yunus (1998) illustrates how a young Bangladeshi woman undergoes a rejection from her own parents and society for her decision to work as a loan officer in the Grameen Bank. The local society believes that women are not supposed to be going out from home and visiting other people's houses by themselves. In fact, they are not even allowed to ride a motorbike if they need to visit far off places. Moreover, giving women a preferential treatment to access loans through microfinance is neither declining the case of dowry payments nor annulling the entire system. This situation has in fact created a shift toward the way society defines dowry from the traditional meaning, a transfer of money and/or tangible assets from the bride's family to the

groom's family, to the utilization of women's loan-generating potential through microfinance (Karim, 2011). The lesson from this situation is that although a few customs in society might have changed, the institutions are not necessarily transformed accordingly.

Furthermore, most of microfinance institutions and programs in developing countries are established through state intervention that are extended through various actors – from the most common ones like Non-Government Organizations (NGOs) to religious-based groups, in order to achieve the goals of community development. These forms of organization are the obvious choice considering their long-standing relationships and well-grounded networks with group of people that become their constituents. By tapping into the already established system, the states or donors or funders predict to achieve their goals more efficiently, although the opposite results are also possible.⁴ In a study by Nanette Funk (2013), the author emphasizes that some cases of women's NGOs are often not working like the generic microcredit lending programs because they do not provide or receive microcredit loans, and their major share of lending is provided by banks and other for profit organizations.

It is clear that embedding a template of a microfinance system into an already established social structure, instead of allowing the community to generate its own system, is not risk free. Also, there could be a potential of social friction and/or domestic cultural misinterpretation like some of the examples mentioned above that may affect the overall performance of the system. Although, there is also some evidence where cultural customs strengthen the presence of microfinance, and vice versa.

⁴ See Rashid (2016) for studying the clients' satisfaction to the coastal NGO-based microfinance in Bangladesh.

1.2.2. The importance of talking about history

Microfinance institutions have provided a very rich ground for various disciplines and research methods to grow, from which recommendations for policy making are also withdrawn. Despite a wide range of case studies used and the results produced, there are always two opposite sides regarding microfinance's capacity to reduce poverty. To move away from this relentless debate, I suggest us to move one step behind and observe the history of microfinance itself. By doing so, it allows us to find the right narration, as well as connect all tangible and intangible variables that influence microfinance's current performance. There are several reasons why understanding the history of microfinance is indispensable to the overall study of microfinance and for theory building as follows:

First, the history of microfinance helps current researchers to understand the reasoning and the societies in which a saving-lending mechanism occurs. Although socio economic factors might be the most apparent reasons for a saving-lending mechanism to exist, other factors such as the local politics and the history of colonialism in that specific place might as well affect how a microfinance performs.

Second, history also helps current researchers to understand institutional changes and shift of purposes from the past to the current forms of microfinance institutions. Evidence about some of the earliest forms of rural banking, cooperative, and other traditional forms of group-based financing are voluminous. These organizations, despite informality, are grounded in communities that even being inactive for a long period of time does not mean that their roots are completely vanished. Acknowledging that there exist some traditional financing systems that have already took place in a given society may explain why the introduction of a modern fully commercial micro banking in the same society might not be as effective.

Third, the importance to acknowledge that microfinance is not a panacea for poverty alleviation. To be a successful poverty reduction program, microfinance requires other simultaneous efforts involving community members, private parties, and government such as healthy food resource, family planning and health access, education, infrastructure, and markets.

Fourth, understanding the history of microfinance also tells us that microfinance institutions in many places are not merely an economic-driven institution but also a cultural association. It is a testament of civic transformation from a top-down development intervention to a bottom-up approach organized by community members. Furthermore, learning from numerous lessons of failing microfinance institutions and unrelenting poverty, it explains that microfinance is not a magic bullet for poverty alleviation and unequal gender relations (Yeboah, et al., 2015), hence, other approaches are needed to complement it (Robinson, 2001). Some of the ways include strengthening the entrepreneurs' management and marketing skills, creating a government-supported credit guarantee system, and extending their professional networks through professional network development programs, to name a few.

1.2.3. Microfinance in Indonesia

The most comprehensive definition of microfinance is provided by Robinson (2001) describes microfinance as

“Small- scale financial services – primarily credit and savings – provided to people who farm or fish or herd; who operate small enterprises or microenterprises where goods are produced, recycled, repaired, or sold; who provide services; who work for wages or commissions; who gain income from renting out small amounts of land, vehicles, draft animals, or machinery and tools; and to other individuals and groups at the local levels of developing countries, both rural and urban” (p.9).

The burgeoning expansion of micro banking in Indonesia from before the independence – prior 1945 – up to today, in my opinion, may be one of the best tools to measure two conditions: 1) the real economic growth, and 2) the real structure of economic power i.e. who are the actual actors that move the economy forward. It is clear that the main market of various micro banking in Indonesia is micro, small, and medium enterprises (MSMEs) ranged from household businesses run by women in a less developed village (Tambunan, 2015) to small holder palm oil plantations in Borneo island. Until the recent year, almost all enterprises in Indonesia are considered micro, small, and medium enterprises (MSMEs), 99 percent of them are categorized as micro and small-scale enterprises (MSEs). But altogether, they contribute over 60 percent to the national GDP, absorbs 95 percent of the workforce, and they kept the country's economy steady during the 1997-1998 economic crisis (Badan Pusat Statistik, 2017a; Tambunan, 2008). Notwithstanding, most micro, MSEs are run by poor individuals or households due to inability to secure a formal employment which renders a reflection of poverty and employment problem, instead of a real entrepreneurial enthusiasm.

The dawn of banking systems in Indonesia can be seen from two distinct historical periods, namely the pre- and post-colonialism or pre- and post-1945. In the former, the country's political and economics governance apparatus was under a deep scrutiny of the Dutch imperialism. Financial institutions, rules and regulations pertinent to monetary transactions were mostly framed as the subset of the Dutch governmental system. These situations were halted during the independence era where numerous efforts were initiated to strongly claim national sovereignty through the acquisition and the naturalization of several ex-Dutch banks, followed by the shift of rules and regulations, as well as the transformation of monetary tokens into the Indonesian currency. The establishment of the first independent bank, founded in 1895 to help indigenous

civil servants –referred to as Bank Perkreditan Rakyat (BPR) – in addition to nationalistic pride, give rise to the large number of small scale village credit providers that made up the “Volkskredietwezen” (popular credit system) in Indonesia for several decades.⁵ These microfinance institutions (MFIs, hence forth) mostly deliver financial services – saving and lending – and products to low-income individuals and/or households with the intention of bolstering the regional development through income generating activities and broader job opportunities. In the later development, MFIs played significant roles in channeling government’s policy by facilitating either direct or indirect financial services to self-help groups of small farmers and entrepreneurs (Promotion of Small Microfinance Institutions, 2001).

Besides, the informal commercial lenders such as pawnbrokers and moneylenders are widespread providing a quick provision of short-term loans for poor people with high interest rates ranging from 5 to 10 percent per month compared to the community-owned microfinance in Bali with 1.5 to 3 percent loan interest rate per month. Their strategy is to operate in the place with high demand for small loans such as traditional markets. Furthermore, moneylenders are usually willing to visit their lenders every day to pick up their installments. Many (i.e. the economically active poor population) are still using hard money lenders as source of loans, although when we look closely, the ultra-poor usually remain excluded from the system.

In order to give hundreds of small non-bank financial intermediaries across the country a stronger legal foundation, the government released Government Act No. 3/2013 of Lembaga Keuangan Mikro (or microfinance), supplemented by several regulations produced by Otoritas Jasa Keuangan or OJK (or the Financial Service Authority). The law defines microfinance as a

⁵ Schmidt R., & Zeitinger, C.P. (1994) provide more information regarding the history of “Volkskredietwezen” in Indonesia

financial institution that is specifically erected to provide supports for small business and community development efforts through loans, savings, and business consulting services, beyond a mere profit seeking. Microfinance, based on this regulation, can only either take a form of cooperative or a Limited Liability Company (LLC) under a conventional or sharia law. To open a new microfinance, it requires a legalization from OJK. In terms of business scope, a microfinance institution may operate in a single village/municipality, sub-district, or regency, and can have more than one office within the same area depending upon the business scale of the microfinance itself. Once a microfinance extends its services beyond a single territory, it can no longer be considered a microfinance. Moreover, it is clear from the definition provided in the government act that the practice of microfinance in Indonesia is nothing similar with the worldwide microfinance phenomenon in at least three factors, namely the target market, the lending/saving mechanism, and the actor.

1.2.4. The current development: where is it headed and who can decide?

1.2.4.1 Where is it headed?

In general, there are two leading views on the development of microfinance namely, the financial system approach and poverty lending approach (Robinson, 2001). The former refers to a large-scale micro banking provision for the economically active poor population, whereas, the latter refers to a credit provision that are commonly accompanied with other supplemental non-monetary poverty reduction programs. Achieving a substantial scale of client outreach has two aims, first, to prepare the microfinance to be donor independent by focusing on savings-funded loans; and second, to make sure that all poor people worldwide are being served by the microfinance system. Meanwhile, the poverty lending approach will continue to channel governments' and donors' money to the extremely poor population with an understanding that

simultaneous programs (combining accessible credit and other empowerment programs) are better to solve their impoverishment.

I argue that there are two important issues that need to be discussed among development policy makers namely, the extent to which do we actually understand the community's poverty profile before choosing one approach over the other, and how well do we comprehend the history of communal finance in a given society. Failure to do so, we tend to fall into the urge of creating a carbon copy a microfinance practice from one place to another just because both places have similar problem of poverty. It has been discussed extensively that donors tend to insist on transplanting development projects that work in the developed countries into a totally new environment where those projects do not fit at all (MacDonald, 2011; Krause, 2013). This state is called as isomorphic mimicry, loosely defined as adopting institutional forms that have been successful elsewhere without solving any hidden structural dysfunctions embedded in the institution.

Duplicating microfinance practices from one place to elsewhere also bears the same risk of isomorphic mimicry in the poverty alleviation policy, thus, results of the same development intervention may greatly vary from place to another (see Woolcock, 1999). There are several reasons for that argument including, first, each community has different socio-economic and demographic characteristics; second, the poverty level in one place is strongly correlated with the place's main economic sector; third, norms, rules of law, and customs are tailored to one community, all of which can affect the way a microfinance operates; fourth, community's social capital is highly diversified from one place to another which means that one microfinance model may thrive differently in two different societies. Also, without knowing exactly how loans can actually help the poor, providing them with some kind of subsidized loans may potentially create

a serious problem of multiple loans taking and a vicious cycle of indebtedness. A study on World Vision Ghana's microfinancing program by Ganle et al. (2015) elucidates that a mere duplication with lack of comprehension on community's socio-economic context may lead to "some unexpected, adverse consequences, even while achieving some good outcomes" (p. 339).

However, moving forward, I argue that microfinance or micro banking practices around the globe will continue in two generic forms: group-based and non-group-based. These forms are either couched in philanthropic notion of income surplus distribution from the wealthier groups to the poorer, or communal efforts that allow a community to develop its own financial intermediaries that fit their values, the form that this study is particularly highlighting. In the group-based model, group formation among the potential receivers is the precondition of the loans to be disbursed either by a commercial bank system or government or donor. Whereas, in the non-group-based model, group formation is not required and the banking mechanism is simpler and smaller than the regular bank.

1.2.4.2 Who can decide?

There is so much that government, policy makers, and organizations can learn from microfinance and its various form of businesses around the globe, both from the success and failed ones.⁶ Although learning from the success examples are exactly what we aim, learning from failed cases are equally as important for several reasons namely, first, failed cases provide a better information regarding the range of possible outcomes of the institutions (Woolcock, 1999). Second, one size does not fit all, in the sense that a duplication of a successful model in one place to another place does not guarantee the same level of success (Marulanda, et al., 2010).

⁶ See Woolcock (1999) for his comparison study based on several failure cases of group-based microfinance institutions

Third, the cases may reveal some tacit local characters that occur only in a specific circumstance (e.g. close-knitted community members may respond differently to a subsidized credit during disaster time). Fourth, failures in the microfinance practice inform broader problems such as macroeconomic instability, political turmoil, and dynamics among institutions surrounding the microfinance. Lastly, and most importantly, we learn the factors that prevented microfinance from succeeding and to avoid repeating the same mistakes. Given those factors, and with an understanding that a failed microfinance is not equal to a failed community, it is imperative to shift from instilling a concept of microfinance into a community to

In order to create a microfinance institution that is economically and socially sustainable, it is imperative to let the community members to democratically determine the following: whether having a microfinance is favorable compared to the already established financing institutions, how the established institution operates, how to ensure the inclusivity of all members of community not only on the day-to-day operational but also at the broader decision-making process, and the implementation of community rules and laws to ensure accountability. Further, by not targeting the money to a mere lending, the proposed microfinance should also invest in training and education for all the clients that can build a durable institution.

1.3. Microfinance and International Development

1.3.1. Background

Development can be defined as a process by which a nation increases the well-being of its people and their entitlements, capabilities, nourishment, education, and other socio-political indicators. Meanwhile, international development, a broad concept of development at the international scale and introduced mostly after World War II, has been criticized as a field that profoundly divides cultures and societies into ‘developed’ and ‘undeveloped’ (Mosse, 2011).

Despite this implication of colonialism, the question remains whether ‘undeveloped’ countries have gained substantial growth from development. Dependency theorists argue that some poor countries do benefit from development while others might experience economic growth with little or no economic development. For example, there are ‘undeveloped’ countries that mainly function as resource-providers and the market for wealthy industrialized countries but do not necessarily enjoy the benefit from the industry itself.

As a generic approach, the focus of many multinational aid organizations working in developing countries is the inclusion of women into their programmatic interventions. Raewyn Connell (2014) describes that at the introduction of gender into the international development discourse almost five decades ago in the 1960s, the concept of gender was understood to be about differences within a normative ideology depicting men as dominant and women as victimized. As victims, women were seen as dependent on the actions of men and certainly not key contributors to economic development (Connell, 2014). Within the last two decades this understanding has shifted and is now perceived as “a changing and complex historical process that is shaped by and is shaping economic, social and cultural institutions” (Harcourt, 2016, p. 167).

Nevertheless, incorporating this subject into international development is neither easy nor impossible. Harcourt (2016) describes five dilemmas that mark the incorporation of this intricate issue into international development where profound divisions and dividing cultures become apparent. These dilemmas include: 1) the way to pair practice-based analysis with abstract theory, as well as bridging several disciplines in order to speak across theory and practice, 2) the challenge being made by the non-academic knowledge, i.e. those who are passionately involved and interested in the gender issues, to the international development studies, 3) measuring

transformation, i.e. the gap between the claimed goals of gender and development policy and the actual implementation and the impact of international development projects to people, 4) the push to move the discussion of gender beyond ‘women’ by including ‘men’ and ‘transgender’ in the development studies, and 5) connecting gender, environment, and development under the feminist political ecology discourse. These dilemmas bear challenges to international development theorists and specialists. The challenges are finding new ways to conceptualize and conduct development in relation to gender and other sensitive issues.

1.3.2. Criticisms on enterprising a self-help model

The promotion of three-pronged linkages among economic development, microlending, and women empowerment comes with resentful criticisms, more specifically on its affinity for principles of neo-liberalism. David Harvey—the Marxist geographer—defines neoliberalism as a “theory of political economic practices proposing that human well-being can best be advanced by the maximization of entrepreneurial freedoms within an institutional framework characterized by private property rights, individual liberty, unencumbered markets, and free trade” (Harvey, 2005, p.2). Neo-liberalism inherits a radical free market principle that favors business yet is indifferent toward poverty, social deracination, cultural decimation, long term resource depletion, and environmental destruction (Brown, 2003). Furthermore, neo-liberalism is also symbolized as the ubiquity of rational economic action where responsibility for survival rests with individuals not with the state (Wilson, 2015).

When it comes to economic empowerment of women through microfinance (including micro-lending, savings, and insurance), the critics claim that microfinance mirrors neoliberal principles in the sense that microloans are the main tool for institutionalizing individualism to poor and unbanked women by becoming independent self-sustaining agents. Yet these women must

still be held responsible for their own failures. Newly-formed women entrepreneurs, for example, are prone to failing in the first place due to lack of knowledge and expertise, which results in the phenomenon where women who are unable to repay their loans may be more inclined to commit suicides (Mader, 2015). Arundhati Roy (2014) asserts that “[m]icrofinance industries in India are responsible for hundreds of suicides – two hundred people in Andhra Pradesh in 2010 alone” (p. 338).

Furthermore, microfinance is criticized as being re-conceptualized as a neoliberal institution that should strive to cover its full costs and be financially self-sustaining and independent of donor support. As such, microfinance puts pressure on women to become self-sufficient, which subsequently triggers these women to harm themselves—sometimes even to the point where they take their own lives. In the case of the Self-Help Groups (SHGs) model, each group requires all members to share their credit liability in the case of default. Hence, group members tend to police each other and this self-policing thus replaces solidarity with discipline and distrust among women not only within the same group but among other women in the society (Wilson, 2015; Karim, 2008). Lastly, feminist scholar Nancy Hartsock (2006) asserts that involvement in microfinance liberates women “from some patriarchal oppression” (p. 188) while also being sucked into global capitalism on greatly inequitable situation.

Moreover, Nancy Fraser critically argues that the issues of economic justice and poverty eradication at a time when the state-managed capitalism of the postwar era paves the way for a new form of capitalism that is “financialized,” globalized, and neoliberal (Fraser, 2015, p. 700). Her claims that second-wave feminism’s priority to put front the recognition (that is identity claims) over redistribution (that is economic justice) is responsible for the convergence of contemporary feminism with neoliberal capitalism (Rottenberg, 2014). Furthermore, Fraser

(2009, p. 110) adds that “neoliberal capitalism has as much to do with [...] microcredit. And its dispensable workers are disproportionately women, not only young single women, but also married women and women with children; not only racialized women, but women of virtually all nationalities and ethnicities.” Although Fraser (2009, p. 111) notices that the microfinance project “architects” played a role in facilitating the influx of funds from the Global North to the Global South, she asserts that microfinance is nothing but a harmful project for women. These arguments, instead of enriching, tend to limit people’s understanding of how microfinance works and might undermine the advantage of microfinancing itself. To add, the influential conversations among scholars that cast microfinance as a docile tool of neoliberalism, in my opinion, has a great potential to overshadow the role of more blameworthy actors operating behind the scenes. At the same time, I also concerned that such accusations are lacking foundations and do not contribute to the betterment of the microfinance clientele.

It is also extremely imperative to recognize the pre-existing condition characterizing the target market beyond generic economic indicators, then incorporate them into the practice of the microlending system that is going to be introduced. B. Lynne Milgram (2002) explicates that despite the objective of a microfinance program to either confirm or challenge the existing local systems of experience, it requires a deep understanding of the existent gender and class hierarchies in order to “effectively operationalize social justice objectives for women” (p. 110), in addition to the understanding of cultural context and the situated knowledge within a societal setting.

1.3.3. Gender mainstreaming in international development

The idea that women can be as economically productive as men altered various international aid organizations’ structured plans. Wilson (2015) describes two stages

characterizing the standard genealogies of gender and development theory. First, he suggests the idea to include a previously excluded category within development discourse, 'women,' to 'unequal gender relations.' Second, he supports the change of the phrase 'demand for inclusions' to 'gendered critiques of development models themselves.' The former led to the initiation of Women in Development (WID) approaches that identify discrimination within the development process. Then, via Women and Development (WAD) approaches, the direct replacement of WID, the implication of gender on capital accumulation was initiated. The final form is Gender and Development (GAD), emerging from several influential critiques of the previous approaches. GAD's priority is to recognize social production as an inseparable aspect of human livelihood, compared to the other approaches, whereas women's roles were not equally considered to men (Wilson, 2015). Studies also found that gender gaps are common in areas such as unequal economic opportunity, lack of equal income and earning capacities, limited control over assets, and lack of an equal voice in decision-making processes in the household and society (Wanner et al., 2015). The international adoption of gender mainstreaming into a nation's development planning is influenced by the United Nations (2012) definition of this term as "...a strategy for making women's as well as men's concerns and experiences an integral dimension of the design, implementation, monitoring and evaluation of policies and programmes in all political, economic and societal spheres so that women and men benefit equally and inequality is not perpetuated" (p. 5). Implied in this definition is the importance of situating equality issues front and center, not to mention placing attention on various perspectives throughout the process of development planning and executions. Mainstreaming also becomes appealing because it could serve to achieve three novel objectives namely "securing human rights and social justice for women as well as men," ensuring "the effective achievement of other social and economic

goals,” and leading “changes in organizations – structures, procedures and cultures [...]” (UN, 2012, p. 6). Furthermore, Teresa Rees (2005) describes gender mainstreaming as “the promotion of gender equality through its systematic integration into all systems and structures, into all policies, processes and procedures, into the organization and its culture, into ways of seeing and doing” (p. 560). This mainstreaming helps realize equality between sexes which is a state of equal ease of access to opportunities and responsibilities that is not dependent upon whether an individual is born female or male (Gobezie, 2011).

Further, Rees (2005) explains that gender mainstreaming was adopted in many European Union (EU) member states as a long-term strategic approach to realize gender equality.⁷ The increasing number of “brain drain” cases among female scientists in the EU has pushed the member states to evaluate their macroeconomic policy by increasing the percentage of Gross Domestic Product (GDP) used on research and development in science, technology, and engineering. To cope with the situation, gender mainstreaming policy is adopted and tailored to recruit, retain, and promote more female scientists to work for the states (Rees, 2005).

Nonetheless, this attempt to achieve gender equality has been criticized for partiality. For example, The World Bank’s World Development Report 2012 Gender Equality and Development highlights four policy areas, all of which are measured with reference to women. These include, “1) reducing excess family mortality and closing education gaps where they remain; 2) improving access to economic opportunities for women; 3) increasing women’s voice and agency in the household and in society; and 4) limiting the reproduction of gender inequality across generations” (The World Bank, 2011, p. 36). The fundamental problem of this is as described by Visvanathan et al. (2010) who argue that making gender a dominant discourse in

⁷ The government of Ireland adopts mainstreaming of gender policy into the country’s poverty alleviation programs and economic development framework (Rees, 2005).

public policy has failed to overcome gender biases that deeply entrenched our social, political, and economic lives. Further, the failure to tackle these biases can derail equal access to resources to all people (Cornwall et al., 2014).

The exclusion of men in any programs fostering equal access for women and men does not facilitate gender equality itself and at some level has made such a slow pace of change in the society (Chant et al., 2002; UNFPA, 2018). The reasons include, 1) it does not challenge the dichotomous categorization and stereotypes that men are oppressors and women are victims; 2) it has the potential to increase hostility between men and women and jeopardizes the success of gender initiatives; 3) it is likely to increase women's workloads and responsibilities, and 4) the success of "women-only" is constrained, as men are a central part of gender relations (Chant et al., 2002). This new focus on men and masculinities is often referred to as 'men-streaming.' Some argue that men are as important as women to be included because men are also gendered beings and unequal power relations can easily affect them, male leaders might become valuable allies in addressing issues related to reproductive health problems and violence against women, and because young men apt to a greater equality compared to the elder generations (Wanner et al., 2015; UNFPA, 2018). Men-streaming is argued to bring more balance to the predominantly concentrated women-based approach and increase the success of development policy. Although men-streaming is not a recent proposal, its focus has been mostly in the areas of violence against women, as well as sexual and reproductive health (UNFPA, 2018).

Now, when men-streaming is introduced to programmatic development policy that targets women, like microfinance, some questions arise: what is the cost of including men into the practice of microfinance and how does it bolster women's empowerment? Further, how do gender roles shift when men are included? Chant et.al (2002) argue that microcredit programmes

and employment-generating schemes are likely to benefit from expanding the focus to men instead of only women.

1.4. Gender and microfinance

1.4.1. Women in development and microcredit

Economic development has long been seen by social scientists as a highly-gendered site. This condition can be traced back to the nineteenth century thinkers, such as Frederick Engels and Charlotte Perkins Gilman. Engels (1884) found that the economic shift — from feudalism to private ownership — had a major impact on the status of women in society. Gilman⁸ (1898) focused on studying female exclusion from productive economic activities, rendering women economically dependent on men. In her revolutionary piece *The Man-Made World: or, Our Androcentric Culture*, Gilman (1911) introduces the term *androcentrism* as a societal fixation on masculine traits where many aspects of human life originated. A masculine tendency has been normalized and universally affirmed, thereby rendering its counterpart, the feminine, as deviance. In reaction to this, the opposite extreme is introduced by several feminist scholars as *gynocentrism*. Under *gynocentrism*, women's views, needs, and desires are given priority as the ultimate lens through which issues in households and society at large are analyzed and addressed (Nicholson, 1997). Although each centrism earns numerous criticisms and intransigence from each other, the existing global phenomena continues to favor masculinity independent of the economic and political system a nation state upholds.

Some have argued that women in developing countries are often depicted as impediments to development and modernity and advertently ignored. Iris Marion Young (2009) explains that

⁸ In the past few years, scholars have found that Gilman's works was immensely couched in white racism and eugenic regime. She also openly admitted that she would prefer to live in an ethnically homogeneous white community.

women's gendered vulnerability is due to the family division of labor that assigns women primary responsibility for social roles (e.g. looking after the household, children, and other family members who need care). Because women are expected to do these jobs without compensation, men's wages remain lower than is required for basic livelihoods. Development planners also traditionally assume that women will eventually be forced to adopt development initiatives once (Third World) men had learned how to organize their societies along a more modern society (Afshar, 1991). Subsequently, institutions that govern society are designed from male-centric perspectives and couched in sweeping assumptions that all productive works will be performed by men. This pattern confirms what has been deeply criticized by Alison Jaggar (2014) in her analysis of gender justice in transnational organizations. Specifically, Jaggar argues that gender disparities in economic development are the manifestations of the underlying institutional structures where systematically stereotyped vulnerabilities for women and also for men across the world are realized (2014). The diverging assumptions surrounding the discourse of international development are not merely about the contrast between the male- and female-centric development approaches, but also between the Western-female and Third World-female-feminist approach. I argue, per gender and development scholars, that policies in development must extend inclusivity for both men and women as an equal development agent and expand the wholeness of economy by recognizing social reproduction as one of the monetized economic sectors.

1.4.1. Gender mainstreaming in microfinance

The international adoption of gender mainstreaming into a nation's development planning is influenced by the United Nations (2002) definition of this term as "...a strategy for making women's as well as men's concerns and experiences an integral dimension of the design,

implementation, monitoring and evaluation of policies and programmes in all political, economic and societal spheres so that women and men benefit equally and inequality is not perpetuated” (p. 5). Implied in this definition is the importance of situating equality issues front and center, not to mention placing attention on various perspectives throughout the process of development planning and executions. Mainstreaming also becomes appealing because it could serve to achieve three novel objectives: “securing human rights and social justice for women as well as men,” ensuring “the effective achievement of other social and economic goals,” and leading “changes in organizations – structures, procedures and cultures [...]” (UN, 2002, p. 6). Furthermore, Teresa Rees (2005) describes gender mainstreaming as “the promotion of gender equality through its systematic integration into all systems and structures, into all policies, processes and procedures, into the organization and its culture, into ways of seeing and doing” (p. 560). This mainstreaming helps realize equality between sexes, a state of equal access to opportunities and responsibilities that is not dependent upon whether an individual is born female or male (Gobezie, 2010).

It is important to note that mainstreaming alone does not guarantee empowerment, or in other words, gender mainstreaming is not equal to women’s empowerment (Gobezie, 2010). Defining women’s empowerment is not a straightforward task because of the differences in defining power. Cornwall et al. (2014) describe two diverging opinions on how power is construed. First, power according to the contemporary neoliberal group is seen as something that can be gained and bestowed; second is a more fluid feminist conception of power as “the power within,” which nourishes women’s ability to make decisions and control the allocation of resources (p. 6). In the latter, concerns are about the ways in which women are able to develop, not be given, their own agency in defining their own goals, acting upon them (Gobezie, 2010),

and to expanding capacities in making choices and expressing their own values and priorities (Kabeer, 2001).

Now, when men-streaming is introduced to programmatic development policy that targets women, like microfinance, some questions arise: what is the cost of including men into the practice of microfinance and does it bolster women's empowerment? Furthering these questions, whether and how do gender roles shift when men are included? Chant et.al. (2002) argue that microcredit programmes and employment-generating schemes are likely to benefit from expanding the focus to men instead of only women.

The way microfinance is designed, or made popular by the Grameen model, since the 1970s, has given it strong endorsement as an obvious choice for policy makers when it comes to poverty alleviation and women's empowerment. With at least 85 percent women clients, microfinance worldwide reached almost 80 million female customers in 2007, rocketing from 10.9 million in the late 1990s (Alam, 2012). Numerous studies have provided evidence of the ways in which microfinance positively affects women's status and position in households and society (see Chapter 3). However, many studies also show the other extreme by demonstrating that women's empowerment is not a guaranteed outcome of a microfinance initiative (Gobezie, 2010; Kabeer, 2001; Khan, 2014). Moreover, mere access to small non-collateral loans is not definitive, because this process requires some strategic or structural changes in order to move toward the overall empowerment of women (Yeboah, et.al. 2015). Furthermore, the claim that microfinance schemes can or have the potential to overcome gender asymmetries and power inequalities between men and women (Armendariz et.al., 2009) is also problematic because women's inability to access resources is often comfortably associated with their lack of competence instead of being seen as an institutionalized hindrance imposed by social norms

(Kabeer, 2001; Mayoux, 2001). Hence, developing an overarching strategy to supplement the initiation of a microfinance scheme is quintessential.

On the other hand, instilling a gender mainstreaming idea into a microfinance system or employing microfinance as a tool for the mainstreaming of gender policy in order to achieve gender equality does not necessarily mean that microfinance is made exclusively for and by women. The most important issue here is the extent to which the differences and relative conditions that affect men and women differently in accessing financial services are highlighted (Muray, 2005). A study of microfinance participants in Guatemala by Michael Kevane and Bruce Wydic (2001) find that while women clients of microfinance are more effective in poverty reduction programs by improving their families' living situation, male clients are more productive in terms of expanding their microloan-supported-businesses. Aligning with that, Yeboah et al. (2015) argue that the transformative nature of microfinance can be achieved if men are incorporated into schemes to improve men's understanding of the reasons for providing credit for women and to curb men's opposition toward women receiving money.

CHAPTER 2: RESEARCH DESIGN, METHODS, AND DATASETS USED

2.1. Introduction

Introduced as a poverty alleviation tool since its re-emergence in the 1990s, microfinance has become one of the most interesting subjects to study, methodologically, empirically, and practically in the field of global development. Many studies of microfinance practices around the globe have employed a mixture of research designs and methods to measure the impacts of each approach has on target populations. The evolution of study designs and data exploration shows that despite microfinance's simple business practices, in some cases complex social phenomena surround each version in given regional and social contexts.

This chapter details the methodology this study used in order to unveil its epistemological and ontological elements. Section 2.2. highlights the questions this study sought to answer and its corresponding research strategy. In Section 2.3, the focus is on selection of study participants, challenges in conducting fieldwork, data collection and management. Section 2.4. describes the four observed participants and seven semi-structured interviewees. Finally, Section 2.5. outlines the study design and how inferences are drawn.

2.2. Ethics and building a good rapport

2.2.1. Personal roles

During multiple years (2010 to 2014) of working with German Technische Zusammenarbeit (GTZ) and for the Lembaga Pemberdayaan LPD (LPLPD),⁹ I have played several roles including project officer, trainer, interpreter, and development worker. These experiences gave me relatively free access to virtually all of the primary and secondary data (e.g. statistics on the LPDs' financial

⁹ LPLPD (Lembaga Pemberdayaan LPD) is a provincial level organization that aims to provide various training and education for LPDs staff. In addition, LPLPD is also responsible for LPDs' internal supervision process. To serve that purpose, this body integrates all financial information provided by all LPDs.

performance, regional regulation catalogs, and research publications conducted by national and international experts on microfinance) needed for the study. When I traveled to Bali for fieldwork during the summer of 2017, I stated my intention to conduct a study about LPDs' impacts for Balinese women specifically to Norman, the head of the LPD training institute and development. He asked why I was interested in studying LPDs, a topic that I know well. Norman also did not understand why I wanted to study Balinese women in particular. I found these questions to be intriguing yet challenging to answer theoretically and empirically. Scholars of Balinese topics or Balinese people in general perceive LPD as a fine institution and do not see LPD and its intersection with gender, class, and status as something worthy of discussion beyond financial performance. I responded, "We actually have a lot of fresh and interesting points to discuss about and it is also very important to let ourselves voice this matter using our own words and perspectives. I am hopeful that my study is able to answer such challenges." Given my answers, Norman seemed optimistic and promised to give the best support that he and his institution can provide to the success of my fieldwork and looked forward to reading the study results. Another benefit that I gained from a long-standing relationship with officers in this office was the convenience to gain some recommendations on key informants such as their names, positions, addresses, and even their personal phone numbers, which in some cases could be very sensitive to obtain and utilize for research purposes.

With the accessibility comes another burden as to whether individuals would be as willing to provide information as Norman because I had not yet developed strong relationships with them. To cope with that situation, I made a couple of adjustments to my approach by using non-technical terms and introducing myself as the former staff in the institute or in some cases, when I was lucky enough, they remembered me as one of their former trainers. Often, I used a

combination of Balinese and Indonesian language during the interviews that were mostly conducted in their offices.

Interview location and setting are, indeed, important factors for successful interviews. Although all interviews with officials¹⁰ – who were mostly men – were conducted in a more formal setting and almost always held in a non-confined space where other staff – who were also mostly men – might have overheard or even joined our conversation, I managed to finish the interviews with all goals addressed, clear voice recordings, and follow-up contacts. A lesson learned from this process is that my gender combined with my current status as a Balinese student in America facilitates the good rapport building between interviewer and the interviewees. A sense of respect and appreciation toward my status was also seen when a male interviewee apologized to me before telling a story about the bad conduct of a female LPD manager. Although I did not follow up with him about the apology, I understood his reasoning as the way to show respect to his female colleague in front of a female interviewer, and not because I might have or have not any relationships with the woman in the story.

Considering the context explained above, I am reflective of the privilege and power I have, given my close relationship with the leaders of LPLPD, as one of their training facilitators and as a faculty member in the biggest public university in Bali. Interestingly, some interviewees did not show any interest in knowing my background or any previous and current affiliation I have with the LPDs because they had been interviewed many times by various local and foreign researchers.

¹⁰ I interviewed six key individuals who work in various offices that manage and supervise all LPDs in Bali.

2.2.2. Double-edged swords

Although my study is not the first study about Balinese women and the way they situate themselves within a patriarchal and religious society, my choice to focus on women in Bali is sparked by a broader need than just unveiling unequal inheritance law and how they manage to balance multi-tasking life induced by devotion.

Through repeated visits and interviewees, all four women participants allowed me to hear personal stories from their own lenses to observe contested interpretations of decision-making and gender relations in their respective households. By doing so, I allowed myself to follow Haraway's (1988) claim that all knowledge is situated and linked to the contexts in which it is created. All in all, this dissertation attempts to highlight as much cultural and social contexts as possible to avoid over generalization about the issue of gender in Balinese society (Suryani, 2004; Widayani, et al., 2014).

Scholars, including many feminist scholars, have identified ethnographic methods as well-suited to feminist research because ethnography is contextual; it forwards the experiential approach to knowledge; it draws up female strengths as empathy and human concern; it facilitates more egalitarian approach; and it embraces reciprocal relationships between interviewer and interviewee (Stacey, 1988). Feminist objectivity is also plausible to achieve in the case of limited location and situated knowledge, because situated knowledge is about "communities, not about isolated individuals" (Haraway, 1988, p. 581). Further, when a woman interviews other women, it is assumed that she is context-free, and has the all-knowing as well as unified understanding about the issues being discussed (Denzin, et al, 2005). In the context of my dissertation, applying participant observation to collect ethnographic data regarding Balinese women's status and position in the intrahousehold decision-making process were not only

suitable theoretically but also empirically. This method of data collection allowed each participant and her village to be viewed as context specific, personal, as well as grounded. Most importantly, all women observed participants were able to share their story from their own lenses without being constrained by scripted questions.

Although I am fully aware that with my goal of presenting the most contextual, objective, and diverse perspectives from my study subjects, there is a strong possibility that I have not captured the whole picture or give more attention to one side of the story over others. Denzin et al. (2005) describe that such possibility may take two forms. First, the importance of recognizing that the researcher also has attributes (e.g., a history, gender, class, race) that influence the research interaction. Second, the identity of either the researcher or the researched may define their subjectivity toward the issue being discussed, hence obscuring the phenomenological and epistemological boundaries between the two. Studies of gender sensitive issues also encompass some ethical dilemmas namely, blurred boundaries between research and counseling (Birch et al., 2000) and how to represent the findings in respondents' own words (Freeman et al., 2002). Thus, I argue that applying feminist ethnographic methods to gender sensitive issues is by no means easy to accomplish given the inherit relational vulnerabilities and dilemmas surrounding gender relations, especially among women in less developed countries.

During the course of four months conducting participant observation and semi-structured interviews, I identified several advantages and disadvantages of being a female researcher in both settings. The advantages included:

1. Diminished power hierarchies

The way my informants viewed my presence as a female researcher was completely reactionary, which was not unexpected. All of the women saw me as either their "little sister"

or “daughter,” although this did not occur at the very beginning. They addressed me as “Ibu” (or “mam”) and greeted me respectfully as I introduced myself to them over the phone for the very first time. To make them believe that I was neither an LPD worker nor a government official, I disclosed my identity several times and persuaded them to call me by my first name (or middle name in the American system). After all, all of them called me by my first name, a sign of familiarity and acceptance. My intention was to establish interactive relations and to reduce the risk of creating an unbalanced power dynamic. The use of an open-ended interview approach during participant observation, as well as involving myself in every consented activity with the four women also brought several benefits to this study. These include the ability to establish rapport with participants and to validate their concerns, values, and experiences; it allows for the formation of close bonds given our common cultural experiences as women; it dismantles the traditional hierarchy that puts me as a researcher in position of power and the research participants in positions of subordination (Kirsch, 1999).

In addition, trust is another important element because it allows me and the participants to define the communicated issues in our own terms without any burdens in representing each other’s interests (Finch, 1984). With reciprocal trust, information and knowledge can be gathered iteratively, so that misinterpretation is minimized and data interpretation is deepened. One of the many signs of trust that I encountered during fieldwork was when my participant and her family, which come from a different caste from mine, invited me to attend a public temple ceremony in their village.

2. Empathy induced from shared understanding

Allowing more personal perspectives to be revealed during the iterative visits and interviews, freed me to be able to see unfiltered way of life that may be non-discernable when data are collected through surveys or structured interviews. Because each story is different, my biggest challenge was to be able to situate myself and adapt to the social settings where the story is taking place. Often, I put away my list of questions and acted as a passive observer without trying to be too present and let the events flow naturally. The same also applied during the semi-structured interviews.

3. Complex cultural and societal interactions

As the fieldwork progressed, I became more aware of the various elements of gender relations extending beyond my predictions. One of the reasons was because this study method allows each woman to speak about their experiences, feelings, and insights using their own “languages.” Sometimes, I had to ask the interviewees to repeat their answers and provide me with some examples if I had trouble understanding their answers.

The following are challenges I encountered:

1. Unbalanced power structure and ethical dilemmas

Although gender sameness in the case of participant observation seems unproblematic, unbalanced power dynamics did occur given differences in age, race, academic background, social class, and the setting where the interviews were conducted (Ramazanoglu et al., 2002; Vahasantanen, et al., 2012). Because all of the interviews took place in each of the four women’s residences or in the interviewees’ offices, my intention was to create as natural and comfortable circumstances as possible for each of them in order to be able to share their perspectives. However, independent of my effort to position myself as a sister/daughter to

my interviewees, I was often addressed as a professor in the biggest university in Bali before other family members, which by the standard of Balinese society is considered as a well-respected profession.

The issue of ethical dilemmas in a gender-sensitive ethnographic study like mine actually occurred from the trust that my interviewees granted to me. Those who felt encouraged by my presence tended to share some secretive information or reveal personal identities not necessarily relevant to the study. As a result, I often encountered participants' personal experiences and details that I myself would rather not know and spent more time with participants than I expected. In addition, though I was able to visit the women many times during the daytime or at night, weekdays or weekend, at their households or their work places, I could not disregard that this might have affected other people surrounding these women. Some might perceive the method I used to be unethical because I might have crossed their private boundaries.

2. Cultural unfamiliarity

In-depth interviewing four women representing four different communities offered a wide variety of customs and traditions within Balinese society itself that even I was not fully familiar with. Approaching the women with assumptions that they have similar problems and preferences despite variation in their class, age, and caste is not only very dangerous but also can be very misleading. Kohler C. Riessman (1991) argues that the lack of shared cultural norms about how a narrative should be organized, in addition to unfamiliarity with cultural themes in the content of narrative itself, creates barriers to develop the capability of understanding the issues being discussed. A study based on surveys may affect a researcher differently than one employing participant observation; with surveys, the researcher does not

spend much time face to face with those being studied, and the scripted questions reduce the possibility of cultural awkwardness and insults, mostly when one has done less structured work first.

3. Navigating power-related activities

During the preparation phase, I drafted several topics to be covered in the participant observation and semi-structured interviews. With both methods where questions were not specified and open-ended (Patton, 1990), it was important for me to determine which aspects I would like to focus on more and those to completely avoid. The objective is to better navigate the power-related activities (Vahasantanen, et al., 2012) between interviewees and me during the fieldwork. On my end, these include deciding the topic or issues that I want to discuss in a specific moment, seeking confirmations repeatedly, and selecting self-disclosure. On the respondent's end, the interviewees also conducted power-related activities including deflecting my questions, controlling the use of time/closing the interview, and testing and questioning me back.

2.2.3. Data confidentiality and anonymity

In order to ensure confidentiality and anonymity of the responses, all forms of the gathered information, both paper and digital, were stored in several ways, including a personal computer, a flash drive, and an online back up portal. I coded the stored information in such a way that enables me to identify the participants' responses. The codes were assigned to each respondent's answer set to correlate and describe the information in a manner that sensitive information would not be attached to the final form of this study. Non-sensitive identifiable information such as name and occupation of the participants were collected in the very beginning of the interviews and published as initials in the findings. Sensitive identifiable information (e.g.

the amount of savings, loans, and the assets value) were collected but not publicized. All codes and identifying information were stored in a separate flash drive from subjects' completed data and can only be accessed by me. The video and/or audio recordings were transferred to a personal computer and to an external storage device for back up. This method also applied to all notes, archives, and secondary data gathered during and after the fieldwork.

2.3. Research Strategy

2.3.1. Rationale

Some scholars describe ethnographic study as a naturalistic form of inquiry that entails observing and analyzing behavior in naturally occurring conditions, moving from the “micro” to the “macro” and connecting the present to the past in anticipation of the future (Belk, et al., 1988; Longabaugh, 1980; Burawoy, 1998). Although in some cases there are pictures, topics, voices, and themes that receive more attention while others are excluded, an ethnographic study serves as a filter rather than a mirror (Emerson et al, 1995). As a method, this approach dwells into theory (either pre-existing ones or attempts to build a new one) by allowing the researcher to embrace engagement as opposed to detachment with study participants.

One appealing point of choosing an ethnographic method as opposed to survey is due to the fact that a survey is, generally, structured in a categorical way that limits researcher's ability to disclose the tacit reasoning behind intricate societal context, sensitive gender issues, and decision-making processes beyond the given options. If responses to research questions are structured in categories (e.g. nominal, ordinal, interval) instead of open-ended answers, information given by research respondents are controlled to satisfy a structure that is not necessarily favorable for the informants. The lack of socio-cultural iterative reciprocal process can dangerously spark a huge misinterpretation of truth.

The study's main purpose is to identify the effects of participation in a male-dominated communal initiative like LPDs on women's bargaining power in the intrahousehold decision-making process. Unlike many studies on the impacts of micro-lending on women's intrahousehold bargaining position, this study offers a new perspective by extending the use of participant observation to a different institutional and cultural setup. The bottom-up research strategy accentuating communities' perspectives and personal stories counterweighs the already popular top-down approach focusing on microfinance's quantitative indicators. Although this approach tends to be unsystematic, making drawing of inferences daunting or, to some, impossible, it enabled me to conduct a deep exploration into the tacit values of the studied women and the approaches they took in decision-making without preconceived notions.

2.3.2. Research design

I used a mix of several qualitative tools to collect primary data with ethnographic study in four villages around Bali as the core of my fieldwork. The other qualitative tool was the semi-structured interview, which conducted with LPD managers, LPLPD officers, the head of the Badan Kerja Sama LPD (LPD Cooperation Institution), community leaders, LPD trainers, and a university professor.

Locations of study for the participant observation were determined briefly to represent four regions in Bali: north, south, east and west Bali. I intentionally took out the center or the capital of Bali, Denpasar city, from the list of participant observation study locations considering its highly diversified community and relatively well-developed socio and economic condition compared to the other regions in Bali. The four regions are Buleleng (north), Badung (south), Klungkung (east), and Tabanan (west). I also observed the LPDs' performance in each region to get a sense of how these institutions grew and developed in the community in addition to my

general knowledge of the common social characteristics that characterize each region. Over a period of three months, I spent between eight to fourteen days conducting participant observation in each region and used one of the weeks in between to conduct semi-structured interviews. Most of the LPD officials are located in the capital; therefore, I completed my semi-structured interviews there for convenience.



Figure 2.1. Bali map and research locations (Original photo was retrieved from: <http://www.titianartspace.com/product/bali-topographic-map>. Edited by the author)

In determining the participants, I developed a set of general criteria: First, I ensured that the women were legally married. Following the definition of a legal marriage is when it is approved by the national marriage law (as shown by a wedding certificate) and the village customary law. Unofficial bonding among adult individuals in the village would limit their ability to be fully involved in village activities or be given equal rights in using communal resources. A study by Suryani (2004) explains that Balinese people portray a woman as being “successful” not from her career and education level, but from how good she is in child rearing,

child bearing, and working as a part of a family team. Moreover, Balinese women are expected to be responsible for doing domestic duties such as cleaning, shopping for food, cooking, laundry, child bearing/rearing, and caring for t husbands. It is also not uncommon that the married Balinese woman is the one who balances the family budget as well as working in a full/part time job (e.g. as an entrepreneur and/or office staff) to contribute to the family income.

Second, in relation to the LPD's operation, respondents needed to be married women who had been LPD clients for at least five years in a row and who had both savings and loan accounts. A five-year duration is considered a convenient criterion for three reasons: 1) it suggests the LPD's financial stability and credibility in providing products and services; 2) this is an ample number of years for respondents to be exposed to various policy dynamics in the LPD and in the customary village, 3) the duration indicates the participant's' loyalty and allows the collection of more in-depth information.

Third, the last criterion explores variables that impart women's bargaining power and gender relations in households as described by Doss (2013), including:

a. Income and employment

The income earned by women might be coming from employment or transfer income prior and/or during the marriage. Such income may create extra-household linkages that affect relationships among family members. Women who earn their own income may have a more direct bargaining power and more authority in the household to either define the outcomes or the usage of their own income.

b. Assets

Asset ownership (e.g. livestock, agricultural equipment, household possessions, business, and financial assets) in this sense may provide income and a better option outside the

household. In developing countries, land (either as an inheritance or earned asset) is considered as the most important asset that determines one's position in the society.

c. Human Capital

This capital can be measured by the level of education that women have gained before and during their marriage. Doss (2013) explains that women's education may have direct and indirect effects on the outcomes of the intrahousehold decision-making.

2.3.3. Conducting interviews

Having established the aforementioned criteria, my first strategy to find the "right" participants involved stating my intention to my colleagues in LPLPD during the earliest visit to their office. Considering the function of the office as an umbrella institution for all LPDs in Bali, I hoped to get as much information about potential participants during my first meeting. Without a specific target region, I decided to let the result of my meeting with the LPLPD officers inform where to go first. Although I got only one recommendation from them, I was very grateful and optimistic that later I would be able to find other women.

One of the officers in the LPLPD office recommended that I meet a woman who resides in Klating Village, Tabanan Regency – a place I had never been to – who according to them met my criteria and would be able to host me. With only one name in hand and a phone number, I decided to contact her right away and observed whether she fulfilled the criteria I had. Without previous experience of conducting this type of data collection, I had doubts about two things: whether I would be able to find participants who would be committed to the study and able to host me in their places; whether I would be able to fulfill my target in just three months.

My phone call with the very first woman went successfully; she was interested to know more about my study, and most importantly was willing to get involved in the study. It was not

difficult to find an agreement on how and when we were going to start the interview. While waiting for my first visit to Klating, Tabanan regency, I made several phone calls to friends and family from the other three places for recommendations. I contacted at least seven candidates before I finally got three other qualified women representing the rest of the regions: Buleleng, Badung, and Klungkung. I did not have any problems finding a study participant/host given my sex; the only problem was to set up the best schedule for all of us given my limited time and resources.

For practical reasons related to resource availability, I decided to use my home in Denpasar as a home base and commute to visit the women on the consented dates and times. On average, I spent around two to eight hours (30 – 85 kms or 18 – 53 miles) driving back and forth from my home. Although Badung is considered the closest in distance from Denpasar, I spent more driving time to Kuta, one of the villages, which is the epicentre of tourism in south Bali with heavy traffic. In between conducting participant observation, especially when I was not staying the night, I managed to conduct an hour and a half to two hours of semi-structured interviews. In average, I visited each of the women for at least 10 times comprising multiple interviews and observation.

As I spent more time talking and observing women's activities inside and outside their households and how they navigate decision-making in the family and society, they gradually opened up to me about how they really see their agency, the factors that affect it, how they resolve conflicts in the family, and the extent to which LPD affects their dynamics with their husband and other male family members. I tried not to use or show any note taking activities and relied on voice recorders. My main reason was to keep the interviews flowing smoothly

without losing my attention as we conversed. I jotted words in a notebook only rarely if I noticed any changes in gestures or interruptions during the interviews.

2.3.4. Overview of Participant Interview Strategy

This sub-section describes various strategies that I implemented in choosing the interviewees and in conducting the interviews.

1. Semi-structured interviews

Interviewees for the semi-structured interviews were chosen because of their leadership in the institutions that are directly and indirectly related to the LPDs. Further, I specifically chose university professors to speak to about targeted issues like customary law, marriage law, and gender in Bali because of their well-known work on those issues. Table 2.1 summarizes the semi-structured interviews I conducted, the method I used and the type of information needed.

Table 2.1. Informants for semi-structured interviews and Information Sought

No.	Informant	Sex	Type of information needed
1.	Economic Bureau	Male	<ol style="list-style-type: none"> 1. Provincial Regulations 2. Supervision and advisory role 3. Regional development planning (financial aspect) 4. Conflict/default resolutions
2.	LPLPD	Male	<ol style="list-style-type: none"> 1. LPLPD's organization values, tasks and financing 2. LPLPD's role to resolve disputes in LPDs
3.	BKS LPD ¹¹ for Badung regency	Male	<ol style="list-style-type: none"> 1. BKS LPD's organization values, tasks and financing 2. Organizational challenges 3. BKS's roles to resolve disputes in LPDs 4. BKS's roles in giving LPDs product and service recommendations
4.	Head of customary village	Male	<ol style="list-style-type: none"> 1. Type of customary laws and the way the community formulates these laws 2. Law enforcement 3. Village people's rights and obligations 4. Village-LPD relationships
5.	LPD managers	Male & Female	<ol style="list-style-type: none"> 1. Organizational aspects of the LPD 2. The LPD's relation with people and village council 3. The LPD's role in women empowerment programs
6.	PLPDK ¹²	Male	<ol style="list-style-type: none"> 1. Organizational values, tasks, and financing 2. Challenges faced by PLPDK 3. PLPDK's roles in improving LPD's outreach, credibility, and accountability
7.	An expert on Balinese customary law (university professor)	Male	<ol style="list-style-type: none"> 1. Background story on the way communities are formed 2. Discrimination on Balinese women 3. Debate on gender roles in Balinese Hindu marriage system
8.	An expert on Balinese marriage law (university professor)	Female	<ol style="list-style-type: none"> 1. The state of marriage law in Balinese Hindu community 2. The current adjustments on the marriage system and challenges that provoked that adjustments.

¹¹ BKS (Badan Kerjasama LPD) is a communication forum to facilitate discussions among LPDs managers as well as to conduct external supervision for LPDs.

¹² PLPDK (Pembina Lembaga Perkreditan Desa Kabupaten) is the sub-organization of LPLPD operating at the regency level and focusing on data gathering and supervision.

The open-ended questions were carefully designed to address the LPDs' roles in the community besides financial intermediary, their institutional challenges and opportunities to achieve their goals and beyond, and whether Balinese women were given equal opportunity to access financial assistance from LPDs. Similarly, the more close-ended questions were also drafted to collect the information about demographic information and profile of the LPD's related institutions. Moreover, my main goal was to gain a comprehensive understanding of the political, social, historical, and cultural aspects of LPDs by combining the information from both open- and close-ended questions.

The subsequent process after conducting the semi-structured interviews was developing codes/categories for all data to guide the inductive reasoning.

2. Participant observation

By being directly involved with the observed participants' daily lives, I was able to develop useful analytical tools to investigate the research problems in a more rigorous way. Elyachar (2005) describes that "ethnographers bring in resources that can be crucial to the survival of the people being studied" (p. 31). Or, as Burawoy (1998) asserts, besides relying on theories to guide the dialogue between the observer and the participants, an ethnographer also implements what he calls "the reflexive model of science" (p. 5).

Given these perspectives, in addition to an attempt to extract the general from the particular by presupposing pre-existing theory, this study will employ Burawoy's further development of the ethnographic research method, also known as the extended case method. He defines it as a model that elevates dialogue as its defining principle and the intersubjectivity between participant and observer as its premise. Furthermore, the extended case method deploys

participant observation to locate everyday life in its “extralocal” and empirical context by emulating a reflexive model of science to ethnography (Burawoy, 1998, p.5).

Further, given my familiarity with Balinese culture, my role in this study was to dampen the presence of negative intervention and misinterpretation if the study was conducted by those not as familiar with the community. Hence, I allowed participants to define issues in their own terms and to represent their individual interests (Kirsch, 1999).

3. Archival study

The archival evidence for this research includes information about the foundation of the customary village structure, the village apparatus, the customary laws, newspapers, photographs, videos, social media uploads, and government special regulations. The biggest challenge to accessing archival materials occurred because many such documents are owned by village leaders or important individuals in the village (e.g. a priest).

Archives play a pivotal role in building a strong relationship between the empirical evidence and normative expectations. In an ethnographic study about Bangladesh’s Grameen model, Aminur Rahman (1999) used archives to affirming the value of a public transcript toward the hidden transcript. Sean O. Riain (2009) notes that “ethnographic research can be a powerful entrance into [...] archival materials. [For instance,] contemporary stories regarding historical events can be measured against the archival record to reveal how historical events are reconstructed and contested as part of contemporary culture” (p. 300). In this study, various archival artifacts are employed as a dynamic information repository, and some of them will be revisited multiple times.

2.3.5. Profile of study participants

The following is the profile of each woman participant:

2.3.5.1 Profile 1

PE, 41 years old, is from Klating village, Tabanan regency. She is originally from Gumbrih village Negara regency. PE has been married to a man from a higher caste since she was 21 years old. With her high school degree, she landed a job in Dunkin' Donuts in Denpasar that she left before she got married and became a housewife. Since she has married a man from a different caste, she is assigned a new title. PE and her family live in a big compound together with her father-in-law. Her husband is the only son in the family and all sisters-in-law have married, moving in to their husbands' compound. PE has three kids, one daughter and two sons. Two of their kids are currently pursuing degrees overseas while the youngest son is currently studying in an elementary school. Together with her husband, PE started a home business producing organic fertilizer where she used loans from LPD and other financial institutions. For writing purposes, PE will be called Penny.

2.3.5.2. Profile 2

AY, 46 years old, is from Tukad Mungga village, Buleleng regency. She is a native Buleleng who has been married for 21 years and was 23 years old when she had her first baby. AY earned a degree in early childhood education and works as a kindergarten teacher in her village. Her husband also works as a teacher in an elementary school outside the village. Together they have two kids, a son and a daughter. Everybody in her family is an artist in Balinese dances and/or gamelan, a traditional Balinese instrument. In her spare time, she teaches dances and gamelan to various groups of people across gender, religion, and ethnicity. AY and her family reside in the bigger family compound that renders a bigger responsibility for her to take care of their family

temple and her mother-in-law. The family's first connection to an LPD was an effort to support AY's dancing school. In this study, AY will be addressed as Aydi.

2.3.5.3. Profile 3

MA, 55 years old, is from Sangkan Buana village, Klungkung regency. She moved to Sangkan Buana from her original Akah village, Klungkung regency due to marriage. Both MA and her husband have been government officials for over 20 years. They have two kids, a girl and a boy; the elder works as a doctor in the public hospital in Klungkung, while the younger is an architect for a big construction agency in Denpasar. Her father-in-law is a highest priest in Hindu, and her husband is one out of four sons who follows in his father's footsteps to be a religious leader. Living in a very religious family, her daily activity is couched in many rituals or supporting other's rituals. Ten years ago, MA and her husband started a photocopy business using loans from the local LPD, but the business did not go well. MA will be called as Maria.

2.3.5.4. Profile 4

SE, 57 years old, is from Kuta village, Badung Regency. SE is originally from Buleleng regency and moved to the south to find a better job. She got married when she was 19 years old to a man who was a Kuta native. Her husband's family is an example of what a traditional Balinese household looks like because she lived in a separate house not too far from her in laws. Together they have three kids, two daughters and one son. All of them have married and have their own kids. Since the beginning of her marriage, SE opened a small kiosk selling fresh produce and other household items optimizing her husband's family land. Since her husband passed away five years ago, SE makes a living from renting spare rooms in her house to guests and workers in the Kuta area. Now, she lives with her only son and his wife. LPD is not an unfamiliar institution for her as she has been using their products, especially savings, for decades. However, her biggest

decision to take a loan from LPD happened a few years ago to fund her son's marriage ceremony. SE will be addressed as Sea for the remaining chapters.

2.4. Data analysis and drawing inferences

2.4.1. Data analysis

The audio and video of all interviews and participant observation were transcribed using an online dictation tool¹³ that maintains the original languages used by both interviewee and interviewers (Indonesian and/or Balinese language). By doing so, I am maintaining the quality of the original tones and expression contained in any information, as well as the context where culturally induced symbols occurred. I closely reviewed the transcriptions several times to ensure that the spelling and pronunciation were correct and followed the rules of Indonesian language. After writing several papers and reports in English, I found that many Indonesian terms have very limited literal meanings in English. This can severely derail the meaning of the data and obscure the richness of stories the study tries to convey. To deal with this inevitable problem, I will provide an extended clarification and sufficient cultural background along the way.

All transcripts, excerpts, and research memos were analyzed to create codes. Codes are themes extracted from the interviews to create a meaningful conceptualization on issues being raised in the study. No predefined coding was applied. For the purpose of data analysis, I created a code book that contains all codes and their definitions. The resulting codes were filtered to get one or more dominant concepts.

2.4.2. Drawing inference

Conducting an ethnographic research study shares the same problems of small sample size and inability to extrapolate from the case, or as many quantitative method proponents argue,

¹³ Online dictation using <https://speechnotes.co/>

the inability to make a generalization. I am entirely aware of these drawbacks, but also argue that generalization can actually be accomplished through different channels as follows:

1. Theoretical inference generalization

I applied this approach because I developed my research framework and instruments partially by employing the pre-existing concepts and empirical studies about social capital, intrahousehold bargaining power, social mobility and intergenerational impacts. From here, I chose a specific case to test the concepts. By doing so, I maintain the application of the theories, strengthened by empirical studies, to explain the phenomena I intend to explore in the chosen research area.

2. Petite generalization

Stake (1995) introduces two type of generalizations namely, *petite generalization* and *grand generalization*. The latter can be gained by comparing and contrasting several case studies in similar topics. By doing so, the researcher treats every single case as additional information to the researcher's general knowledge. This process aims to achieve to either produce a refined generalization or to modify the old generalizations. Meanwhile, in *petite generalization*, conclusion(s) is derived from an iterative process or observations given a single or a just few cases. Triangulation allows the researcher to examine the recurring evidence and build a relationship among variables. By doing so, Stake (1995) explains that "the generalization is refined, not a new generalization [,] but a modified generalization" (1995, p. 7). Given those definitions, this study best represents the *petite generalization* rather than the *grand generalization*.

The data analysis below followed the research strategy and design this chapter discussed. The gathered information will be discussed focusing on three major topics – microfinance and social capital, intrahousehold decision-making, and social mobility – in chapters 6, 7, and 8

respectively. Before turning to the analysis, however, chapter five turns to the context and development of microfinance in Bali.

CHAPTER 3: MICROFINANCE IN BALI: CONTEXT AND DEVELOPMENT

3.1. Introduction

This chapter begins with brief information about Bali Province, followed by an abbreviated history of LPDs. By providing a background information about the island's socio-economic and demographic indicators in Section 5.2, I hope to set the research context and provide sufficient background for readers about the socio-economic characteristics of the study location. Section 5.3 is dedicated to delving deeper into the idea of LPDs, from the background to its latest development.

3.2. Bali at a glance

3.2.1. Tourism: the gleaming sector

Tourism in Indonesia started during colonialism in the 19th century when the Dutch opened some travel agencies to accommodate their officers' trip around the country. As one of the main destinations, Bali has become the only region in Indonesia with a strong tourism representation (Judisseno, 2015) mainly due to its customs and authenticity. Given Bali's world-renowned image, I sometimes hear that people have a hard time understanding that Bali is actually one tiny island in an archipelagic country. For the country's economy, tourism has always been in the top five contributors to gross domestic product (GDP) beside oil and gas, coal, and palm oil.¹⁴ In 2017, travel and tourism directly contributed Rupiah (Rp) 259,583 billion (USD 19.4 billion) or 1.9 percent of the country's total GDP, provided over 4 million jobs, and created Rp. 160,864 billion worth of investment to the Indonesian economy (World Travel & Tourism Council, 2018).

¹⁴ Retrieved from <http://www.kemenpar.go.id/post/rangking-devisa-pariwisata-terhadap-komoditas-ekspor-lainnya>

Before the 1970s, Bali was a prosperous self-sufficient agrarian society that produced mainly rice and spices, as well as a fishery and small-scale home production textiles society. Located roughly in the middle of Indonesia archipelago, Bali province consists of the island of Bali and a few smaller islands including Nusa Penida, Nusa Lembongan, and Nusa Ceningan. With a total area of 5,636 km,²¹⁵ Bali is considered one of the smallest provincial islands in Indonesia. The island has several active volcanoes such as Mount Batur and the highest, Mount Agung, stands 3,031 m above sea level. In late 2017, Mount Agung erupted for the very first time after its massive eruption in 1963 that killed more than 1,700 people and destroyed many villages.¹⁶ Despite the calamitous impacts it has to the daily life of the Balinese people, Bali's volcanic nature gives it exceptionally fertile soil that supports the island's agricultural sector.

Introduced to the island as one of the government's development strategies, tourism has transformed Balinese society (Ramstedt, 2012 as cited from Fagertun, 2017) in several ways. The development of tourism-related infrastructures revamped the appearance of some regions and changed people's lifestyles. Furthermore, another important shift is the creation of a new labor regime through the multiplication of job opportunities, diversification of income patterns, and increased women's participation in the work force (Fagertun, 2017). Judie Cukier, Joanne Norris, and Geoffrey Wall (1996) argue that the type of tourism initiatives also determines the availability of both potential direct and indirect employments. Direct employments include all full- and part-time jobs created by tourism such as hotel staff, travel agent, and guide, to name a few. Indirect employment includes numerous occupations beyond main tourism related jobs.

In 2017, the number of foreign visitors to Bali alone tripled from over 2 million in 2008 to nearly 6 million, whereas domestic visitors increased from 2.8 million to 8.7 million during

¹⁵ Luas Wilayah dan Letak Geografis Pulau Bali dan Kabupaten/Kota

¹⁶ McLaughlin et al. (November 27, 2017)

the same period, bringing a total of almost 15 million tourists in one year (Badan Pusat Statistik, 2018a). Besides art and culture, the hallmarks of tourism in Bali, the island is also well-known for its farming/irrigation system called Subak and cremation ceremony called Ngaben. Approximately 80 percent of Bali's economy depends on the tourism industry directly and indirectly.¹⁷ Lodging and restaurants, used as a proxy by the government to measure development, in average contribute more than 20 percent to the regional economy from 2013 to 2017 (23.33 percent in 2017 only). Whereas, agriculture, forestry, and fishery sector are the second biggest contributor with average contribution of 15.11 percent/year between 2013 and 2017 (Badan Pusat Statistik, 2017a). A report by the local government explains that the number of tourists, domestic and international, is the main factor affecting the growth of tourism industry in Bali.¹⁸ As Indonesia's main tourist destination, the sector also contributes significantly to the national tourism with almost 50 percent out of the total tourists coming to the country visiting Bali in 2017. With such positive growth, tourism industry will remain the main motor for the regional economic development.

3.2.2. Geography, Population, Governance, and Socio-economic

Bali Province is divided into eight municipalities namely Badung, Bangli, Buleleng, Denpasar, Gianyar, Jembrana, Tabanan, Karangasem, Klungkung, and one special district which is also the capital of Bali, Denpasar. Administratively, the province covers 5,636.66 km² of land,¹⁹ slightly smaller than the state of Delaware.²⁰ Buleleng is considered the largest municipality located in the north side, spanned from the east to the west part of the island, with 1,365.88 km,² whereas the smallest is Denpasar (127.78 km²).

¹⁷ Baker (Mar 04, 2003)

¹⁸ Tinjauan Perekonomian Bali 2017 (Badan Pusat Statistik, 2017a)

¹⁹ Badan Pusat Statistik (2018c)

²⁰ Retrieved from: <https://www.worldatlas.com/webimage/countrys/namerica/usstates/delandst.htm#page>

As of February 2018, Bali's total population is 3,890,757, comprised of 1,961,348 male, and 1,929,409 female inhabitants. There are over 1 million households with an average of 3.78 members per household. The city of Denpasar has the highest population density with 6,171/km² followed by Badung with 1,298/km². Although Indonesia is considered as a country with the largest Muslim population in the world, 83.5 percent of Bali's total population are Balinese Hindus – a mixture of local beliefs and Hinduism. Other religions and belief systems include Islam (13.37 percent), Christianity (2.47 percent), Buddhism (0.54 percent), and Confucianism (0.01 percent).

While over 3 million people are considered in a working age, an estimated 2.5 million are actually employed.²¹ According to the “Bali Province in Figure 2017” (Badan Pusat Statistik, 2017b) as of August 2018, about 20.16 percent of employed people were absorbed in the wholesale-retail industry and vehicle repair, and 20.12 percent in agriculture. Tourism, in fact, only absorbs 12.79 percent of the total labor force (Badan Pusat Statistik, 2017b). According to the local government officials in Badung regency, there are at least 1,321 foreign workers currently working in various companies in the area, including in the tourism industry which is the primary source of income for the region.²² A considerable number of foreign workers are also employed as teachers in various international schools in Denpasar area.²³

As for the level of education in 2017, an estimated 31.70 percent of the island population earned a high school diploma, 21.48 percent had passed elementary school, and only 11.38 percent held a college degree. In 2017, girls participated less in all four schooling categories - elementary school, junior high school, high school, and university level – compared to boys.

²¹ Badan Pusat Statistik (2018b)

²² Retrieved from <https://bali.antaranews.com>

²³ Supartika (2018)

While girls are currently attending school more than ever, their participation decreases as the level of education gets higher.²⁴

Hinduism instills various philosophies in almost all aspects of people's day-to-day lives, including one that constantly appears in every interview and participant observation I conducted. This principle is called Tri Hita Karana, which is three reasons for prosperity. You achieve prosperity by maintaining harmony and balance between human beings and the three elements: spirituality, nature, and society (Agung, 2007). Harmony with God is realized through rituals and offerings to worship the deities. Harmony with fellow human beings is manifested through communal coherence and tolerance. Harmony with nature and environment is shown by preserving the nature spiritually and non-spiritually.

Bali as a community embraces two distinct yet interdependent governance systems, namely *desa dinas* (or administrative village) and *desa adat*²⁵ (or customary village). The former is non-religious and generally defined as the subordinate of the national government administrative system. Hierarchically, a province will have several districts (*kabupaten*), sub-districts (*kecamatan*), administrative villages (*desa dinas*), and quarters (*dusun*), each is administered by *gubernur*, *bupati*, *camat*, *kepala desa*, and *kepala dusun* (Seibel, 2008). In terms of territory, administrative village in many cases have larger territory than customary village and one administrative village may consist of one or more customary villages.

Whereas, the latter is an indigenous system of authority that is applied provincially and regulates native Balinese Hindu people who reside in Bali island. Given those definitions, a

²⁴ Retrieved from <https://bali.bps.go.id/dynamictable/2016/07/20/39/angka-partisipasi-kasar-apk-provinsi-bali-menurut-jenjang-pendidikan-dan-jenis-kelamin-2000-2017.html>

²⁵ Generally speaking, customary village is defined as a system of communalistic governance that stands as a separate system from the national village classification and regulates a specific territory as well as the indigenous people of Bali who live within that territory.

member of a customary village is also a member of an administrative village, however, the opposite is not always the case. Furthermore, the traditional system relies on its member assembly to determine important aspects of community governance such as community law, leadership, and village assets management, to name a few. I Ketut Budastra (2008) explains that a customary village shares customs and traditions, and is unified by village temples. There are three main village temples called as Tri Kahyangan Tiga, including pura desa, pura puseh, and pura dalem, each serves as the center for Balinese Hindu people's religious activities to worship God as the creator, the preserver, and the abolisher, respectively.

3.2.3 Sex and poverty

In August 2017, there were 1,094,160 female workers in Bali and 1,340,290 male workers. Although the workforce remains dominated by males, the total number of female workers in 2017 was higher than in the previous year, and the total number of male workers was lower compared to 2016. The majority of female workers, about 63 percent, have completed primary and secondary education; 21 percent did not finish their primary education; 10 percent had a university degree; and a very small percentage had vocational training and a graduate degree. As a comparison, 70 percent of male workers had attained primary and secondary education; 13 percent did not finish their primary education; 10 percent had a university degree; and only a small percentage of men had vocational training certificates and a graduate degree (Badan Pusat Statistik, 2017c). Despite the fact that almost 100 percent of women in the working age have a job, those who are not economically active are mostly staying at home and taking care of the family at about 67 percent.

In regards to the sector, as much as 57 percent of the total female labor force occupied informal sectors that include owning a private business, being an employer assisted by temporary

workers, a casual employee (in agriculture/non-agriculture sector), and an unpaid worker. Several occupations belong to this category including merchants in the traditional market, helpers in fields and farms, and food caterers, to name a few. The rest of about 43 percent is categorized as formal workers.

During the year of 2017, 44.17 percent of professional occupations in Bali were filled by female workers. This number decreased from 45.46 percent in 2015.²⁶ When it is compared to the national data in 2017, Bali ranks 24th among the other 33 provinces and lower than the national average at 46.31 percent in number of female workers working in professional occupations. From the expenditure side, the data shows that women's expenses per capita is lower than men.

The Gender Development Index (GDI) measures and illustrates gender gaps in human development based on three basic dimensions namely health, knowledge, and living standards (United Nations Development Program, 2018). Based on national GDI data between 2014-2015, Bali is considered as having a medium level of GDI (Kementerian Pemberdayaan Perempuan dan Perlindungan Anak, 2016). Besides GDI, Gender Empowerment Measure (GEM) is also adopted by the provincial government to measure specific topics like empowerment that are not covered by the GDI. This index is highly associated with Human Development Index (HDI) simply because human development itself must encompass gender-based development. Between 2011 – 2015, Bali Province was successful in achieving GEM and HDI higher than the national rate together with several other provinces such as North Sumatera, Banten, DKI Jakarta, and East Sulawesi (Kementerian Pemberdayaan Perempuan dan Perlindungan Anak, 2016).

²⁶ Retrieved from: <https://bali.bps.go.id/dynamictable/2017/03/25/112/keterlibatan-perempuan-provinsi-bali-sebagai-tenaga-profesional-2010-2017.html>

Bali Province's economy grew in average of 5.59 percent in 2017, slightly decelerated from the previous year at 6.32 percent.²⁷ This rate was higher than the nation's economic growth that was stable at 5 percent in the last three years.²⁸ The Gross Domestic Regional Income (GDRI) in 2017 was Rp. 215.36 trillion, resulting in per capita income of Rp. 50.71 million. Badung regency and the special district of Denpasar were the only two regencies in Bali that have a higher level of income per capita compared to the provincial number, Rp. 81.324,81 million and Rp. 51.576,09 million respectively.

Data published by Badan Pusat Statistik (2017d) show that between 2011 and 2017, the poverty level in Bali fluctuated. During the year of 2013, 4.20 percent of population were considered poor. The number increased gradually in 2015 to 5.25 percent then decreased in 2017 to 4.14 percent (or 180.13 thousand people). This comprised of 96,890 people in the city and 83,230 people in the village. The high speed of urbanization impacts several poverty problems in the bigger cities, whereas the impoverished village population is due to the high dependency on agriculture sector. A number of measures are undertaken by the provincial government to reduce the number of poor people, including the government subsidized health insurance programs, government scholarships for students with financial issues, subsidized rice programs, integrated agriculture programs, and credit warranty programs for small loans (Badan Pusat Statistik, 2017d). As of the writing of this dissertation, all of the aforementioned programs are still implemented.

²⁷ Retrieved from: <https://bali.bps.go.id/pressrelease/2018/02/05/717022/ekonomi-bali-tahun-2017-tumbuh-5-59-persen-.html>

²⁸ Retrieved from: <https://news.detik.com/kolom/4153925/kualitas-pertumbuhan-ekonomi-indonesia>

3.3. Lembaga Perkreditan Desa (LPD): the history and ties to culture

3.3.1. Background and regional autonomy

LPDs are one among various types of small savings-lending institutions that are still operating in Indonesia. Although many studies have different names for LPDs such as rural credit organization (Robinson, 2002), semi-formal microfinance institutions (Tambunan, 2015), non-bank financial institutions (Budastra, 2008), and village credit institutions (Budastra, 2008; Sujana, et al., 2014), my study applies the term of community-owned microfinance to better define the LPDs. Including the word ‘community’ in “community-owned microfinance” serves to highlight the special characteristic of the LPDs while recognizing the limited scope of the institutions.

The first LPD was formally introduced in 1984 by the former governor of Bali Province, Prof. Dr. Ida Bagus Mantra (Sukandia, 2011 in Sujana, et al., 2014; Seibel, H.D, 2013) in response to the wave of nationwide micro-banking development in Indonesia during the New Order Era²⁹ under President Suharto. With a start-up capital amounting Rp. 2 million or equal to \$1,780 in 1985 (Seibel, 2008), the first LPD was erected. In the later years, government’s seed funding is only one among several sources of capital that a new or already established LPD can utilize. These other sources include donations from community members, donation from private entities, and retained profit, as regulated by the most current LPD regulation.³⁰ The interview I had with the staff of the LPD’s training and development office provided me with some additional information regarding the establishment of the first LPD in Bali, also called a “pilot project”:

Among hundreds of (customary) villages to choose from, the government only needed to pick one as the first location of the pilot project. They came up with the idea to select the winner of the customary village contest, an event that was introduced around 1984 by the

²⁹ The era between 1966-1998 where the Indonesian politic and economy were mainly characterized by the top-down governmentality, strict control from the army, and formation of various civil society groups in support of government programs.

³⁰ Peraturan Daerah Pemerintah Provinsi Bali Nomor 3 Tahun 2017 tentang Lembaga Perkreditan Desa.

government of Bali province, to be the location of the first LPD. The winner was Renon village and the LPD was named after the village, LPD Renon.³¹

The LPD's legal framework was Bali Governor's Decree issued in 1984,³² strengthened by the first LPD regulation³³ (Mantra and Raka, 1988 as cited in Sujana, et al., 2014). The regulation specifically defines that the LPD's ownership and governance is limited to and exclusively by the customary village (Promotion of Small Financial Institutions, 2009) instead of the regional government or any private entities.

Mandated by the Balinese Provincial Government to be established in each customary village throughout Bali after the first trial, these self-financing and self-governing financial networks aim to empower the desa adat, as a recognized unit of a village organization (ProFI, 2001) as well as to build feasible and more affordable financial services for all Balinese people. Moreover, LPDs are strongly intended by the Governor of Bali Province, as the initiator, to strengthen the village economy on top of maintaining the communities' socio-culture and religiousness (Sujana et al, 2014). Until recently, LPD's legal framework has been revised several times to adjust to the growing needs toward LPDs' socioeconomic and political contribution. After the pioneer project with the LPD Renon, the development of LPD entered a fascinating phase with more villages proposed to open an LPD in their area. There were over 800 new LPDs established after the pilot between March 1988 and March 1997. However, the speed of growth was slowing down afterward because a higher emphasis on consolidation (ProFI, 2001).

Considered as part of a "second generation"³⁴ of Lembaga Dana dan Kredit Pedesaan (LDKPs or rural financial institutions owned by provincial, district, or subdistrict governments,

³¹ Appendix D (002ssM_LPLPD)

³² Keputusan Gubernur Kepala Daerah Tingkat I Bali Nomor 972 Tahun 1984 tentang Pendirian Lembaga Perkreditan Desa di Propinsi Daerah Tingkat I Bali.

³³ Peraturan Daerah Pemerintah Provinsi Bali Nomor 8 Tahun 1988 tentang Lembaga Perkreditan Desa

³⁴ Read Budastra (2007) for further observation on the development of LDKPs

or by villages), LPDs were intended to replicate the LDKP model as directed by the Ministry of Home Affairs in 1984 (Budastra, 2008: 3). Besides LPDs, there are also Badan Kredit Kecamatan (Subdistrict Credit Organization, operating in Central Java and South Kalimantan), Lembaga Perkreditan Kecamatan (Subdistrict Credit Institution, operating in West Java), and Lumbung Pith Nagari (People's Credit Bank, operating in West Sumatra) (Tambunan, 2015). In order to develop a more comprehensive legal framework for all microfinance institutions in Indonesia, the government launches two regulations, one for cooperatives and one for all other microfinance institutions.³⁵ According to this regulation, microfinance or microcredit is a financial institution aims to provide a business development service and community empowerment through several ways namely, small financing, savings mobilization, and business consulting services for Small, Medium Enterprises (SMEs).

One might wonder why would there be so many of these institutions exist and why not make just a few systems to simplify the supervision. To answer those questions, I refer to Steinwand (as cited from Robinson, 2001) who argues that given the country's scale as well as the cultural diversity, what works at the local level in a rural area in a province/island may not be applicable in another place in another island. Further, this is also to give the regional government the autonomy it needs to tailor and govern their own LDKPs. In addition, through the 1983 financial deregulation, microfinance institutions in Indonesia were allowed to set their own interest rate on loans and savings (Robinson, 2001). Making up to 60 percent of the total active LDKPs in Indonesia in 2004 (Jansen et al., 2004), LPDs are considered the best LDKP system in Indonesia (Steinwand, 2001 as cited from Robinson, 2001). A report describes that LDKPs other

³⁵ Undang-undang Nomor 1 tahun 2013 tentang Lembaga Keuangan Mikro (LKM).

than LPDs are characterized by having limited outreach to low-income clients, poor loan portfolio qualities, lack of profitability, and minimum level of savings mobility (ProFI, 2001).

Moreover, under the umbrella of LDKP category, LPDs are granted an exception and flexibility from the still valid government regulation on microfinance³⁶ in order to maintain LPDs' original form and the use of customary law. Given the definition of microfinance mentioned in that regulation, LPDs are obviously aligned with the concept of microfinance except the fact that the Central Bank of Indonesia does not directly supervise and regulate LPDs' activities. These roles are now undertaken by LPLPD after previously held by the Bank Pembangunan Daerah (BPD). LPD leadership is based on a communal agreement involving the leaders of the village and all members of the community. As regulated by all ever written LPD's regulations, it is definitive that the sitting customary village chief is also the LPD's internal supervisor with obligations such as audit the LPD's performance, approve credit proposals, and resolve internal and external disputes that involved LPD's management and/or clients, to name a few. LPDs can only recruit the locals or people from another village that moved in and have changed their residence mostly due to marriage.

Generally, each LPD can only provide services to its own people. In the case where a village is too small to have its own LPD, the people can go to another village and find the nearest LPD from their residences. However, to manage the risk from lending to other villages' members, the LPD requires personal guarantors (i.e. the locals with familial connection to the prospective clients) before approving their credit proposals. Given this, each LPD has its own autonomy and independence in determining how it conducts its day-to-day practices with zero regulation intervention either from the national government, local government, and other village leaders.

³⁶ Undang-undang Nomor 1 tahun 2013 tentang Lembaga Keuangan Mikro (LKM)

To provide a reference about the practice of LPD in comparison with a widely known Grameen model, Table 3.1. displays the differences between two institutions from several aspects.

The list is not exhaustive.

Table 3.1. Comparing LPDs and Grameen model

No	Aspect	Lembaga Perkreditan Desa	Grameen model
1	Financial support	The Government of Bali for the initiation, retained profit, other legal sources of income, etc.	The national commercial bank, external donors
2	Banking activities	Savings, lending, payment points	Mainly lending with voluntary savings
3	Hierarchical structure	A client has a direct access to an LPD	A client is connected first to a loan group, then to a loan center. From a loan center to a bank branch, then to an area office.
4	Communication	No regular/scheduled meeting. A client can talk to the LPD manager anytime and vice versa	Each group is required to hold a regular meeting. Supervised by the center chief.
5	Target of lending	Individual borrower, a member of a customary village	Group/peer of borrowers. One member is appointed as a group coordinator
6	Member selection	An applicant requires a guarantor	A new member of a group is self-selected by the other members already in the group.
7	Loan approval mechanism	A credit proposal is approved/not approved by the village chief.	Involves three upward successive reviews before being approved by an area manager.
8	Collateral	Requiring collateral	Joint liability among members of the group
9	Amount of loan	Requested by an applicant with an approval by the LPD manager based on the collateral value	Proposed by an individual member, approved by all other members, then submitted to a center chief to the bank worker.
10	Purpose of loan	Loans are grouped as: consumptive and productive (investment)	Loans are grouped as: general, seasonal, house loan, and Group Fund Loan (GFA)
11	Installments	Monthly cycle. Amount of loan is divided by numbers of month (determined by a client)	Weekly, within a fifty-two-week time cycle.

3.3.2. LPD in numbers

As of January 2019, there were 1,433 LPDs in the database³⁷ located in 1,485 customary villages; however, only 1,276 of them were actually operating, 2 were yet to operate, and 155 LPDs were not performing. The non-operational LPDs implies that these LPDs have been formally established as evidenced by the issuance of operating permit by the Governor of Bali Province; however, the appointed LPD managers abdicated their positions and had not been replaced.³⁸ The non-performing category comprises all LPDs that have the license to operate, but they have poor CAMEL (Capital adequacy, Asset quality, Management, Earnings, and Liquidity) assessment. Table 3.2 shows the distribution of LPDs in all regions in Bali:

Table 3.2. Customary villages and LPDs in Bali in 2018

Region	Number of Cust. Village	Number of LPDs	Customary village w/o LPD
Badung	122	122	0
Bangli	169	159	10
Buleleng	169	169	0
Denpasar	35	35	0
Gianyar	272	270	2
Jembrana	64	64	0
Karangasem	190	190	0
Klungkung	119	117	2
Tabanan	345	307	38
Total	1485	1433	52

Source: LPD Information and Reporting System

Starting up a new LPD in a village is considered administratively easy especially because the local government endorses each village to have its own financial intermediary institution.

³⁷ I have been granted an access to an online database system for all LPDs in Bali managed by the LPLPD. This portal consists of mainly financial information about all LPDs in Bali including balance sheet, bank's condition assessment (CAMEL/CAEL), and human resources. LPDs' supervisors from each regency upload the information to the portal in the monthly basis, then the portal will aggregate all the data into consolidation reports. This system was established by the LPLPD in 2010 with support from a foreign aid institution.

³⁸ Appendix A (interview codes for SS)

However, there are several reasons as to why a village has no LPD such as the lack of economic potential, the size of the village population, the village is a newly formed village, and poor history of the village leaderships.³⁹ Further, to encourage these villages, LPD's regulating organizations like LPLPD and Badan Kerjasama (BKS) LPD provide technical assistance and management training to the village officers and potential LPD staff. From one of the semi-structured interviews, I learned that trust is the most pivotal element in sustaining communal life:

In the village life, everything is very simplistic. Trust is very important and valuable. You don't need to be highly educated to gain trust. To be an LPD leader or staff, you have to be trustworthy. We found so many cases where reopening a poorly managed LPD is very hard to do even after continuous encouragement, because everybody thinks that it is almost impossible to find the right person to manage their money.⁴⁰

With such distribution, it is safe to argue that LPD's outreach is almost 100 percent, making it the most geographically accessible micro-banking. Further, LPDs' presence in almost all villages in Bali provides more feasible access to a formal financial service for those who live in more rural areas compared to its closest contenders including Bank Perkreditan Rakyat (BPR), Bank Rakyat Indonesia (BRI) Unit Desa, and cooperatives that mostly operate in urban areas.

On the asset side, in December 2016, the majority of LPDs (38.95 percent) worth more than Rp. 5 Billion, 31.92 percent is considered a medium sized LPD with total assets between Rp. 1 – 5 billion, and 29.49 percent of them worth less than Rp. 1 billion. This proportion remains unchanged in December 2018 with almost 45 percent of LPDs in Bali now having more than Rp. 5 billion assets and 25 percent of them still in the lowest category with less than Rp. 1 billion worth of assets (LPD Information and Reporting System, 2018). One of the reasons that affects the nominal growth of assets from time to time is mainly due to the rapid increase of deposits (both

³⁹ Appendix D (002ssM_EB)

⁴⁰ Appendix D (002ssM_BKS)

time and savings categories) induced by a high interest rate. Table 3.3 below showcases LPDs' banking indicators from 2016-2018.

Table 3.3. Banking indicators: All LDPs, 2016-2018

Indicator	December 2016	December 2017	December 2018	Average Growth
Assets*	15.555	18.472	21.752	18%
Outstanding credit *	11.498	13.141	14.604	13%
Number of credit accounts	423,606	429,693	418,748	-1%
Savings and time deposits*	12.924	15.393	18.212	19%
Number of deposit accounts	1,934,422	2,127,101	2,293,338	9%
Non-performing loans (% to total credit)	1.115 (9.7%)	1.641 (12.45%)	1.945 (13.33%)	32%
Number of customary village population	2,641,401	2,785,238	3,402,424	13%
Number of households	n/a	725,133	726,421	.18%
Number of female employees	3,577	3,690	3,765	3%
Number of Male employees	4,134	4,172	4,187	1%
Total employees	7,711	7,862	7,952	2%

*) in Trillion rupiah

Source: LPD Information and Reporting System

The total assets of LPDs grow exponentially in an average of 18 percent from 2016 to 2018. This is followed by the positive trend in the total outstanding credit and deposits, 13 percent and 19 percent, respectively. As of December 2018, LPDs served significantly higher number of savings and time deposits account holders compared to the credit, 2,293,338 and 418,748 accounts, respectively. The average amount of loans disbursed by LPDs in 2018 is Rp. 34,876 (equal to \$2 today). The high discrepancy account holders between savings and loans is because in average one household has up to three savings accounts – including the accounts assigned by parents to their children – but only one or no credit account. One credit account policy applied in some LPDs for

the purpose of reducing the risk of default in the future. Sea, one of the observed participants, shared her experience opening a new account from the local LPD.

I opened a saving account [in LPD] for my daughter to teach her a good habit of saving money for future use. I also opened one saving account for my daughter's daughter, but I put the money on it.⁴¹

In the following, I will discuss two cases of LPDs that in my consideration may explain real distinctiveness of LPDs compared to generic microfinance schemes such as Grameen Bank in Bangladesh.

3.3.2.1. The profile of LPD Banjar Tegeha, Buleleng

LPD Banjar Tegeha is located in Tegeha village, Banjar sub-district, Buleleng regency, about 45 minutes' drive from the center of Buleleng regency to the west. The Tegeha village is located in a hilly side of the sub-district with a long mountain range in the background, giving it a distinctive landscape and a slightly cooler air temperature compared to its surrounding villages. The village's main economic activity is agriculture, although I also noticed a few home businesses along the village main road.

The LPD Banjar Tegeha was erected in 1995 based on a governor act.⁴² It is situated in the center of the village, next to the community assembly hall, in a relatively tiny room with a broken rear door. During the first few months of its establishment, the LPD worked relatively well, but went bankrupt one year after. Based on my interview with the current LPD Manager (a very rare example of a female LPD manager where she was also only one among three staff the LPD had, namely the manager, secretary, and general clerk), the bankruptcy was due to high amount of non-performing loans (NPLs). She explained one of the reasons for such a problem to

⁴¹ Appendix C (004poSea)

⁴² Surat Keputusan Gubernur Nomor 619 Tahun 1995

occur was due to most people thinking that the LPD was a subsidy program that distributes “free money” from the government. For almost two years, the LPD remained inactive except for the former LPD manager who remained constantly summoned by the bank’s depositors who wanted to withdraw their money from the failed institution. “He paid off the depositors using his own money, otherwise, they can be very mad,” meaning the village people will be outraged if their savings are not returned.”⁴³

For a period after 1998, a team from the Pembina LPD Kecamatan (PLPDK) visited the LPD. They asked the LPD’s former staff as well as the village leaders to fix the broken system and collect all the outstanding loans from debtors so that the LPD can be reopened, otherwise the village will be asked to return the government’s start-up funding. Under a new management team, with a female LPD manager, the LPD Banjar Tegeha revived in 2003. The first few steps the manager took were allowing people to open only savings accounts, providing only a small amount of loans to selective individuals, and improving the vetting process that requires all debtors to secure the village leader’s signature for lending approval.⁴⁴ In addition, she also admitted during our interview that all LPD staff do not always receive their paycheck every month, but they feel obligated to keep this LPD alive because it belongs to their community.

Now, 16 years after the LPD’s revival, its total assets have reached Rp. 121 million, increased by 12 percent from 2017. Savings increased by almost 50 percent from Rp. 61 million in 2017 to Rp. 91 million in 2018. On the contrary, loan disbursement decreased by 15 percent in 2018 compared to 2017.

This case shows how an LPD can regain the momentum of being a profitable and trusted financial intermediary by utilizing the internal and external LPD’s potential. The internal

⁴³ Appendix D (005ssF_LPDM)

⁴⁴ See Appendix F for the LPD’s loans application form.

potential is realized through the implementation of prudential lending mechanisms, persistence in facing “naughty” debtors, and a high level of staff dedication. One of the ways to achieve the external potential is through shifting people’s mindset about the purpose, benefit, and ownership of the LPD. Nowadays, the LPD Banjar Tegeha is finally perceived as a communal asset and a motor for the village socioeconomic development instead of a government subsidy distributor where repayment can be compromised. In addition, this case also exhibits that although female leadership is possible in a male-dominated microfinance scheme, the intricate gender relations remain one of the biggest challenges.

3.3.2.2. The profile of LPD Kedonganan, Badung

LPD Kedonganan is located in the Kedongan village, Kuta sub-district, Badung regency, about 30 minutes away from the Ngurah Rai International Airport to the south. Given its strategic location in one of the most visited beaches in Bali, Kedonganan village is very popular for its culinary destinations, beach cafes, and fish market, bringing a great economic leverage for the village as well as the LPD Kedonganan. The village’s population is 5,000 divided into 1,195 households. Established in September 9, 1990, the LPD received start-up funding from the governor as well as the head of Badung municipality. Its first official office was a set of tables and chairs located in the community hall.

As one of the biggest LPDs in the south side of Bali as evidenced by its remarkable financial performance, the LPD Kedonganan’s assets was Rp. 383 billion in 2018 only, increased 64 percent over the last five years, and the net profit was Rp. 9 billion. It employs 56 local people, 26 male staff and 30 female staff. The LPD serves over 1,500 debtors and 16,000 creditors with an average loans and savings size of Rp. 142 million and Rp. 18 million respectively. With such strong financial transaction and profit, the LPD Kedonganan is able to

contribute an average of Rp. 668 million per year derived from 5 percent and 20 percent deduction on the net profit for social and infrastructure development fund respectively. The social fund is used for activities such as improving the welfare of the village priests, developing the youth traditional musical ensemble groups, supporting the village's sport and art teams, donating for cremation ceremonies, and providing scholarship for elementary students. Meanwhile, infrastructure development focuses on the repair of village roads and temples. LPD Kedonganan is an excellent example of how impactful an LPD could be as a combination of staff professionalism, cohesive communal ties, socio-economic potential, and strong village leadership.

3.3.3. Cultural preservation

Bali is a relatively small provincial island among over 17 thousand islands in Indonesia, but its culture and tradition has something to inspire the rest of the country. Inhabited by mostly Balinese Hindus, people's everyday life is inseparable from religious rituals and cultural customs that together become the foundation of living as a Balinese. Cultural customs also allow Balinese villages to tailor regulations that are linked to their localities, known as "awig-awig," or customary law. A Balinese village, or in this dissertation is called a customary village, is a three-part system comprised of Kahyangan Tiga (the village temples), the land, and the people.

LPDs have been an integral part of the overall customary village system due to its distinct function in supporting not only the people, but also the lands and temples. LPDs' integrality to the community is also strengthened and enforced by the regional government regulation of LPD⁴⁵ that describes four objectives of LPD namely: 1) bolster the community economic development by facilitating saving and lending; 2) eradicate the presence of bonded labors and

⁴⁵ Peraturan Daerah Pemerintah Provinsi Bali Nomor 3 Tahun 2017 tentang Lembaga Perkreditan Desa.

illegal pawns; 3) create equal business opportunity and job options for the village members; 4) boost people's buying power, and facilitate transactions and money circulation in the village.

Many publications have described that LPDs have an overarching role that includes cultural preservation (Seibel, 2008; Seibel, 2010; Baskara, 2013). Through interviews with several key informants, I discovered the mechanisms through which LPDs help preserve Balinese culture. One of the interviewees explained that being a native Balinese means a guaranteed access to an LPD, the only microfinance that is owned by the Balinese people. He added:

LPD is an exclusive service for the Balinese Hindus, members of a customary village. You are either married to someone from this village or your whole family are the members of this village. In this sense, we preserve the existence of Balinese Hindus and its customs.⁴⁶

Another informant described LPDs' roles for the Balinese people in general by citing the government regulation of LPD⁴⁷ as follow:

LPD contributes some portion of its net profit for social fund. The village manages the fund and uses it for holding our annual village temples ceremony or mass cremation.⁴⁸

LPDs often conduct various activities and provide event sponsorship that may entice people to participate and win prizes. By doing so, LPDs become more visible in front of their own community members beyond conducting their main business. There were several times during the interviewees that I heard my respondents mentioned about this topic which gave me a strong impression that community members were extremely welcome to the LPDs' agenda and initiatives. As one of my observed participants reacted to my question regarding the LPD's roles in community development:

⁴⁶ Appendix D (001ssM_DA)

⁴⁷ Peraturan Daerah Pemerintah Provinsi Bali Nomor 3 Tahun 2017 tentang Lembaga Perkreditan Desa.

⁴⁸ Appendix D (003ssM_EB)

LPD in my village provides sponsorship for the Balinese art festivals and competitions. It also supports the Balinese dance class I teach, because the class is organized and funded by the village. My own dance class was also funded by the LPD once in the past.⁴⁹

Given this description, LPDs are unlike any other community-owned microfinance institutions because they actively engage in activities beyond financing. These activities are centered in the communal efforts to protect Balinese culture by providing funding for various religious and cultural activities organized by the community members. The extent to which community's social capital affects LPDs' performance and vice versa will be further discussed in the following chapter.

⁴⁹ Appendix C (002poAydi)

CHAPTER 4: COMMUNAL LENDING: SOCIAL AND CAPITAL EFFECTS

4.1. Introduction

Traditionally, development approaches to alleviate poverty have been closely associated with focus on fulfilling people's basic needs. Further, the recognition of social networks and associational life as the "fuel" for development, rather than the "traditional" one, i.e. relying on gross development product, has gained incredible attention among policy makers for almost four decades, beginning in the 1980s. Acknowledgment of the community's social capital that gives birth to the community-based approaches has been implemented to accelerate development in resource-poor communities as well as to cope with the problems of resource scarcity evoked by reduced state interventions (Fonchingong, 2005). Some argue that social capital may increase community's productivity (Mafukata et al., 2017). For example, it is common in sub-Saharan Africa where community members believe that their family and kinsman interactions, instead of individuality, strengthen their social networks and productivity to achieve their shared goals (Mafukata et al., 2017). In addition, the harnessed interactive partnerships bolster democratizations, self-governance, compliance with community rules and laws, responsiveness and effectiveness at policy level to the needs of the community, local economic development, and organizational productivity (Mafukata, et al., 2017).

Stemming from that broad concept, the Grameen Bank remodels the power of embedded social capital by providing the poor small-scale credit administered by the bank through its association with self-help and joint-liability groups consisting of only five or so women. Within this micro-commune system, solidarity and shared objectives among the members are expected to replace physical collateral and high transaction costs, two requirements that keep the poor out of regular financing mechanisms.

In understanding the intricate social capital-microfinance relationship, many have arbitrarily concluded that social capital is the facilitator of microfinance activities. This is due to the positive social networks that result from reciprocity and trust among members of a community, eventually contributing to development in general. However, whether microfinance activities also could breed and facilitate social capital is an interesting and important inquiry that this study explores.

To examine that question, this chapter will be divided into two sections. The first part will analyze the debate over possible causal relationships between microfinance and social capital based on the case of Lembaga Perkreditan Desa (LPDs). The second half will delve into how various forms of community capital surfaced in the practice of Lembaga Perkreditan Desa (LPD) and, most importantly, how they affected Balinese women.

4.2. Sustaining LPD through the community's social capital

Defining community, Allen E. Buchanan (1989) explores the term in a couple ways, first, that human beings develop a strong desire to commune (or known as a descriptive psychological generalization), and, second, that human beings perceive community as a pivotal objective for them. For community members to have a strong hold to one another, social capital – described as non-tangible resources in a society, such as trust, information, and effective social norms (Coleman, 1990; Putnam, et al., 1993) – facilitates interpersonal interactions among all members in creating economic and cultural resources (Bauer, 2017). Moreover, the constructed interpersonal interactions create collective actions that lead to mutual recognitions and associations (Sanyal, 2009). When social capital functions well, individuals within a community can produce goods and services not just for themselves, but for the common good (Bauer, 2017), hence, it provides the necessary condition for community development from the bottom-up.

Studies found that for a group-based microfinance to succeed, it relies on social organization, beliefs, trust, shared norms, and social networks so that stringent physical capital or collateral requirements can be replaced (Basergekar, 2010; Anderson, et al.,2002). In this case, members of microfinance groups carry out their economic activity through social relationships (Granovetter, 1985). As Benjamin Feigenberg, Erica M. Field, and Rohini Pande (2010) argue that the built-in social capital among the 56,000 female clients of Village Welfare Society in West Bengal, India, helps to lower the rate of credit default despite the absence of collateral. The increasing social interactions among clients are argued will improve informal risk sharing and reduce the tendency for credit default (Feigenberg, et al., 2010). Nonetheless, it is also important to prevent the engagement of collectivism into the practice of microfinance as a mere instrument to reduce costs and motivate repayments, instead of serving the purpose of consciousness-raising and empowerment (Rankin, 2002).

In regards to LPDs, I argue that social capital that is embedded in the Balinese people's social networks sustain the operationalization of LPD itself. Included as an integral part of the Balinese customary village structure, instead of individual business entities, LPDs are granted strong sociocultural bonds and provided with effective control mechanisms for them to operate properly. Given this, Detlev Holloh (1994) describes LPDs as the “most democratic form of local finance in Indonesia” (p. 4). The extent to which a community's shared values and social capital play a role to the LPDs are assessed as follows:

4.2.1. LPD as an integral part of the village governance structure

All the interviewees uniformly described that LPD is an important element that forms a village. Though LPD is established to provide financial services for the village members, as well as to be the village's source of income, its overall importance is perceived as equal to temples

and territory by all community members. Given this, people give their respect equally to these three major elements that form their village. Thus, village members using the LPD's services also show a communal support to the sustainability of all institutions in the village. Respondents provided their answers to my question of whether making their LPD an inclusive part of the people and the village can actually benefit the LPD itself. One respondent gave his answer as the following:

LPD is built to help the community to improve their lives by providing loans with reasonable rates and mobilizing savings. Our religious obligations require the Balinese people to be able to save and plan for unexpected future expenditures. To have LPD as an integral part of our village system, that would ease people's burden to access formal financial services and to avoid money lenders.⁵⁰

Similar to the previous respond, one interviewee explicated that:

As one of the village sources of income, the village benefit from the LPD because its profit will return to build the village itself. With our LPD's current performance, cremation ceremony can be held regularly, communally, and at lower cost. Families can save a lot of money by having a mass cremation and hopefully they can use their savings for other important expenditures such as children's education and health.⁵¹

4.2.2. The communal law reduces the intention to credit default and misconducts

Customary law is a system of rules that is created and enforced through various communal institutions in order to regulate the community's social relationships. This law, independent from the national law, yet mutually enforceable, is recognized and is made obligatory by sanctions that are specific to the village. The sanctions may take various forms such as asking people in the village to apologize, limiting one's access to the village resources, to even excommunicating someone. Inability to fulfill the LPD obligations can also render moral

⁵⁰ Appendix D (001ssM_LPLPD)

⁵¹ Appendix D (001ssF_LPDM)

sanctions based on this law. The defaulters may experience some level of shame because the LPD management usually announces their names during the village assembly meeting. In extreme and rare cases, the village can also discharge their members resulting in the losing of village membership and all the benefits of being the village member.⁵² Considering the depth of consequences, both defaulters and their families will attempt to pay the loans in a timely manner. In addition to customary law, Pembina LPD Kabupaten (PLPDK) is a formal institution designated to conduct external supervision to the LPDs. One of the PLPDK officers described that “loans are the LPD’s heart” and his job is to ensure that the office supervises the LPD’s credit distribution and prevent default.⁵³

4.2.3 Regular communal meeting facilitates communication and problem solving

The village general assembly meeting is a place where all adult members of the village and village apparatus exchange information and discuss important matters related to the village. The village leaders also use the meeting to ensure that everybody understands the goals of the village. The LPD manager will present before the assembly all information including the LPD’s financial performance indicators, human resources, and non-performing loans, to name a few, where all people in attendance are allowed to question and be given clarifications. Several decisions related to the operation of LPD and staff recruitment are also democratically discussed and resolved in the meeting.

The LPD has been announcing if they have job opening positions through the general assembly meeting. The benefit of the face-to-face meeting is that all the information can be distributed more effectively and efficiently, and members can also ask the LPD

⁵² LPD Bebetin of Bebetin Village evicted 19 people from the village due to credit default, amounting a total of Rp. 3 billion (\$214 thousand) in January 2018. All the defaulters were finally re-accepted to the village after paying off all their debts to the LPD.

⁵³ Appendix D (001ssM_PLPDK)

management right away. More than often, the management will receive applications promptly.⁵⁴

The advantages of such a communal approach are to make sure that all important updates are shared firsthand, show visible leadership, reinforce communal cultures and values, promote collaboration, encourage engagement, and invite honest feedback from the members. Through the meeting, all members independent of their gender and social status are invited and given the important updates about their community. Considering the importance and the scale of this meeting, it is common to see the meeting is also used by individuals to distribute information beyond the scope of the customary village such as for political campaign.

4.2.4. Trust in the LPD allows for a more flexible banking mechanism

LPD relies on the trust endowed by all community members and the village leaders. Lack of communal trust in the presence of LPD not only affects its business operation, but also the willingness of all members to survive the LPD when it fails. Since the LPD is not a part of a broader/formal financial institution with strict banking regulations, it is allowed to customize its banking procedures according to the community's socio-economic condition.

One of the LPD offices I visited shared with me a case example of poor money management when one of the staff members explained that she has to bring the clients' money home because the LPD cannot afford to buy a safe deposit box. When I asked if the members knew about this situation, she answered, "yes, of course they know," then added, there is nothing the LPD management can do because the LPD is still very small and the people seem fine with that situation.⁵⁵ Given this phenomenon, more diligent internal and external supervisions from the community are critical.

⁵⁴ Appendix D (001ssM_LPDM)

⁵⁵ Appendix D (002ssF_LPDM)

With the background above, I will continue the discussion to answer the question as to whether pre-existing social ties among women specifically correspond to the LPDs' performance.

4.2.5. Women's groups facilitate LPDs to conduct their social purpose

Within a customary village, there are several informal voluntary groups that linked community members with common interests and activities, such as youth's group(s) and women's group(s). Youth's group is a formal organization established to gather young unmarried people organizing traditional music and dance classes, volunteerism, and other creative deeds. Meanwhile, women's groups are female-only communal groups serving the village and community members in conducting various religious ceremonies,⁵⁶ as well as farming, to name a few. The membership to a women-only group is technically mandatory, creating a network of all married women in the village, to serve various communal initiatives. Within this group, women are able to not only participate in various collective actions, but also to take leadership roles, organize events, and join various intra-village competitions. All of which will potentially improve their self-esteem, extend their social ties beyond their kinship, and expand their networks outside the village. LPDs commonly channel their social contribution through these civil societies by sponsoring their regular activities or any events organized by these groups. With the increased amount of contribution that an LPD can provide annually, this community-based financial cooperation contributes to the preservation of Balinese art and culture while also strengthening these community collaborative groups.

⁵⁶ Locally known as Sekeha Banten (or the offering maker group). Their roles are inevitable to the overall traditional living mechanism to support all kind of communal ceremonies.

4.3. Generating social capital through microfinance

Recent studies have shown that the reciprocal relationship between social capital and microfinance is possible and scientifically proven (Anderson, et al., 2002; Mafukata, et al., 2017). In other words, social capital can both create and be created by a community-led financing mechanism like microfinance. Sanyal (2009) describes three mechanisms through which the operation of microfinance programs could potentially generate social capital, such as: 1) the repeated economic ties among the members of a microfinance group generates trust-based cooperation to address social problems; 2) the formed group also enforces some membership selection criteria and sanctioning mechanisms to ensure that the group is properly functioning; and 3) the process of participating in the microfinance regular group meetings often involves culturally rich activities (e.g. rituals to open and close the meetings) may deepen the pre-existing social capital.

In the following section, the discussion will focus on observing the aspects of LPDs that may the community's social capital.

4.3.1. Loans advance members' interdependency and trust to one another

In the LPD setting, loans are mainly designed as individual loans instead of as “solidarity lending” like in Grameen model.⁵⁷ However, the same logic of joint-liability is applied; for example, when an applicant applies for a loan, she/he is required to be accompanied by a co-signer during the loan signing process. A co-signer or guarantor is equally responsible for timely credit payments and make payment in the case of default. Further, LPD limits each household to only have one outstanding credit account before applying for another loan. In reality, the LPDs also rely on one's credit history, which means that once a debtor is able to finish paying the

⁵⁷ See Chapter 3

installments, the next loan application will be relatively simpler and sometimes no guarantor needed. Hence, I argue that the objective of having a credit co-signer has potential to strengthen the bonding among family members.

4.3.2. Increased sense of belonging and responsibility for community development

According to the government regulation of LPD,⁵⁸ five percent and 20 percent of the LPD's annual profit is returned to the village to fund the communal social activities and infrastructure development, respectively. These social activities comprise secular and religious undertakings. Infrastructure development includes the construction and maintenance of the village temples, market, and other public spaces that belong to the village. By utilizing LPD's products, members participate in creating a profitable economic cooperation that will eventually bring the benefits back to the members. All interviewees unanimously confirmed that LPD gives them a sense of belonging and responsibility because the community cannot rely on the government for everything.

Although LPD's loan interest rate is not always the lowest among all banks in this area, it seems that people do not mind using the LPD's products because eventually the money goes back to us to develop village roads, maintain the village temples, conduct ceremonies, and many others activities. That also means that the more community members use the LPD, the more we contribute to this community.⁵⁹

4.3.3. Improved trust to the LPD management

General assembly meeting is one of the avenues for the LPD to clarify not only its development but also its challenges in front of the community members and village leaders. The more the community members are informed about the LPD's condition, the more they invest in the LPD and thus the more impact on the community. However, trust is not everything. I found

⁵⁸ Peraturan Daerah Pemerintah Provinsi Bali Nomor 3 Tahun 2017 tentang Lembaga Perkreditan Desa.

⁵⁹ Appendix D (001ssM_BKSLPD)

that it is actually a combination between trust and some level of skepticism that works best to help the villagers to hold their LPDs' management accountable. As a government official I interviewed elaborated:

This office, with other counterparts, aims to help LPDs with chronic accountability problems to revive. The most difficult part of the job was to convince the community members to save their money in their own LPD after a bad history of fraud. Once they start trusting the LPD again, the LPD can slowly regain their business.⁶⁰

With the background above, I will continue the discussion to answer the question as to whether LPDs affect women's social capital.

4.3.4. Women remain dependent on male relatives/offspring

In the Balinese household, like in many other traditional societies, men are typically socially favored to be the credit applicants, whereby the wives are the credit co-guarantors. The treatment for unmarried adult members of the village who are applying for loans, however, is slightly different and more stringent, especially for women. Unmarried men can have anybody in the family as their co-guarantors regardless the gender of the family member. However, an unmarried woman, based on social consensus, is usually required to bring a male (e.g. brother, father, male in-laws, and son) as a credit co-signer. Given this illustration, the moral consequence of a credit failure for unmarried applicants is more significant compared to the married ones, because the entire family can be an object of public scrutiny. In regards to her status as a widow, Sea told me after her husband's passing in 2014, she is fully responsible to manage her family income that she earns from selling ritual instruments and renting boarding rooms. Her only son also contributes to the family income and let Sea to fully control the use of

⁶⁰ Appendix D (001ssM_EB)

it. At the same time, she cannot be totally autonomous in regards to maintaining her access to the LPD ‘and becomes dependent to her son. Sea explained:

Because we live in patriarchal system, to have at least one son is already a great thing. He will support me and replace his father’s position in various social functions, and is a co-guarantor for the current loan that the family gets from the LPD.⁶¹

4.3.5. Women’s limited agency in general assembly meeting

As discussed previously, all community members independent of their gender and socio-economic are invited to the village’s biggest assembly to be informed about regular and/or special matters that are happening in the village. However, unlike their male counterparts, female members tend to be less engaged in the discussion and decision-making process due to the deeply ingrained idea that public space is a men’s sphere. This issue is a classic example of a persistent unbalanced gender relations in a public sphere. I initially thought that female members were lacking the capacity to contribute in a communal decision-making process due to factors such as lack of information and lack of self-esteem. I was wrong.

A very interesting perspective was shared by Penny when she explained that she will always put her husband first in a public setting like the village general meeting.

All female members are invited to attend the meeting. Most of the time they do not talk and just being passive listeners. All the men are usually involved in the discussion and contributing in the decision-making. “To talk in a public meeting is men’s business.”⁶²

From a more technical and practical aspect, another observed participant, Sea, also brought up a very specific issue regarding female members’ involvement in a communal meeting. Sea mentioned “the time management problem.”⁶³ What she meant by this is that by the time a

⁶¹ Appendix C (002poSea)

⁶² Appendix C (003poPenny)

⁶³ Appendix C (001poSea)

meeting is started, it is usually late in the evening when women are already tired from their daily activities at home.

Given the description above, although Balinese women are not limited in terms of their civic participation, there remains a big question as to whether Balinese women are given an equal opportunity compared to men to express their opinion and get involved in the decision-making process at the societal level. I assert that as long as LPDs are exclusively using the village general assembly meeting as the only way to disseminate information broadly, women's contribution in the decision-making process pertaining to the LPDs will always be moderated.

4.4. Community capital and women's empowerment

Promoting and measuring women's empowerment as a means to achieve sustainable development outcomes has gained not only promotion but also criticism among development study researchers and practitioners. One main difference between the two streams of thought lies in the way empowerment is defined and measured. Some argue that empowerment is the ability to achieve necessary material attainment in order to survive the market competition. The examples achieving material attainment include cash transfer, financial assistance, credit program from the government, private donors, and/or civil society. Whereas, others argue that such indication is not comprehensive and meaningful. Beyond such quantifiable indicator, there exists personal experiences and subjective aspiration, norms, beliefs, and institutionalized culture that may cause women and men to act differently, hence, gain benefit differently (Quisumbing et al., 2016).

In order to recognize several indicators that may influence one's subjective experiences within the community they lived in, the following section will discuss various capital embedded in a community and their impact on women's empowerment. It also takes a consideration of the

presence of LPDs as the one and only community owned microfinance networks, their impacts on resource allocation, the formation of community capital, and women's empowerment.

4.4.1. Human Capital

D.A. Olaniyan and T. Okemakinde (2008) argue that “the economic prosperity and functioning of a nation depend on its physical and human capital stock” (p. 1). Using the same analogy, community, a small social unit unified by commonalities in norms, religion, values, or identity, may also rely on tangible and human capital to achieve their collective goals. Human capital – the accumulation of people's knowledge, skills, and health through their entire lives (Kremer, 2018) – is considered one of the critical inputs for innovation and development activities (Olaniyan et al., 2008) that in the recent years makes more economic sense than ever before.

LPDs, as the only network of village banks, are expected to support and sustain the village human and infrastructure development independently or with minimum external helps by contributing 25 percent of their annual profit back to their community. With the total annual profit of Rp. 580.421 billion (41.459 million USD) in December 2018,⁶⁴ the LPDs' contribution has reached approximately Rp. 29 billion (2 million USD) for social activities and Rp. 118 billion (8.5 million USD) for physical development for just one year. Beyond such incredible achievement, however, it is important to understand that each LPD in fact has different financial capacity and quality performance, and this capacity alone is very much affected by the community socio-economic condition and vice versa. For example, an LPD in a tourism destination village may thrive better compared to the LPD in the agriculturally based village.

⁶⁴ Retrieved from the LPD Information and Reporting System

In the previous section, I have discussed the mechanism through which LPDs sustain, if it does not generate, women's social capital through their monetary contribution to the events or activities organized by women's group. As of December 2018, LPDs have employed 184 female employees out of total 398 LPD employees.⁶⁵ Several LPDs develop savings product with priority on children education, such as the education saving account for the community members with children in the school age (e.g. LPD Kedonganan)⁶⁶ and scholarship for high achiever students (e.g. LPD Padangtegal) that may create some motivational effects and reduced financial burden for families with less productive resources availability. An LPD in Buleleng regency donates to the establishment of dance and traditional instrument classes so that children in the village can get a free lesson.⁶⁷

During my trip to the villages, I witnessed and heard about various activities involving members of the villages that were usually held in the village's assembly hall. Whether adult female or male members, youth, or children participated in those activities depended upon who the organizers were. I identified at least five different entities including the customary village, the administrative village, the local government, NGOs, and private businesses that are commonly administering the activities. For example, one of the observed participants, Sea, explained that few days before I visited her place, she and her daughter-in-law attended a socialization about preventing the dengue outbreak - that was quite prevalent during the time of visit - at the household level. She described that the event was a part of the local government program and conducted in coordination with the administrative village.⁶⁸

⁶⁵ Ibid

⁶⁶ Retrieved from http://www.lpdkedonganan.com/p/tabungan_5.html

⁶⁷ Appendix C(003poAydi)

⁶⁸ Appendix C (003poSea)

For this community, not promoting a targeted program for a certain group does not necessarily mean that it lacks shared awareness on some sensitive social issues. Instead, I recognize the following bases for such reasoning:

1. When the community does well, each member also does excellently

There exists a broad understanding that with a sense of reciprocity and togetherness in a community, hence, when a community is able to thrive, individuals that construct that community will also feel the same, vice versa.

2. Gender, race, and social strata are irrelevant in the context of shared development benefits
Community is seen as a wholeness of individuals that are unified by shared rules, norms, and values. Factors such as gender and/or social strata are considered neutral and uninfluential in determining one's decision. Besides, patriarchy instills the idea that leadership roles are inarguably and exclusively granted to men.

3. Household is a uniformed decision-making sphere

Heads of households, traditionally attributed to men, are intended to be the best representation of their family. Thus, any decisions from them are assumed to be uniformly consented by each member of the family.

4. The dual governance system: the national governance vs. customary village

As a result of the dual governmentality, the generic consensus is that all women related issues (e.g. family planning, reproductive health, and children's health) are managed by the national government and its branches all the way to the village level, whereas, anything cultural livelihood related issues belong to the customary village. This inevitably creates a circumstance that I call as *a policy vacuum* resulting any intersecting issues among two spheres are potentially abandoned and ungoverned.

4.4.2. Cultural Capital

Culture is generally defined as a way of life (Green et al., 2012), which is the product of a group of people's social environment that encompasses a shared sense of values, norms, and symbols that distinguish them with other groups of people (Soeters et al., 2006). Individuals in a group also share history, experience, language, beliefs, and kinship, which together help shape one's cultural identity (Scott, 2015). Cultural identity is about having a sense of pride to be a part of a certain group (Hall, 1986) where a shared symbolic language and behaviour are unique to that culture (Bourdieu, 1984). Meanwhile, cultural capital refers to the cultural collections of knowledge, behaviours, and skills affecting one's social status and standing in the society (Bourdieu, 1984). Further, Bourdieu (1986) identifies three types of cultural capital, namely: 1) Embodied capital, the expansion of skills and knowledge gained through education or training; 2) Objectified capital, includes one's property and tangible attributes (e.g. home, car, work of art) that can be symbolically used to convey one's status; and 3) Institutionalized capital, is generated through an institution's formal recognition to a person's academic credentials.

To understand the extent to which LPDs empower women, the following discussion focuses on the development of cultural capital among the LPDs' female workers within the male-dominated spheres of LPD and customary village. The government regulation of LPD regulates that LPD management consists of as minimum as three people: a head, an administrator, and a cashier, that can be expanded according to the size of the LPD itself. They are selected by village members through a process that is agreed by the village general assembly meeting. The management is usually in charged for a period of four years and can be re-elected. A consensus that a manager is usually male and the other two positions can be either male or female remains a generic human resource composition in most LPDs. Data in December 2018 shows that all LPDs

employ 398 local people, 214 of them are male and 184 are female.⁶⁹ These numbers moderately increased compared to 2015 where the total was 378 consisting of 203 male workers and 175 female workers.⁷⁰ My interview with a staff of an LPD in Tabanan regency revealed that the LPD performs better internally and externally because of its female workers. Their positions include cashier, administrative, debt collector, and vice manager.⁷¹ He added:

Female workers are usually patient, honest, hardworking, and serve the clients with more compassion compared to the male workers, yet persistent when they have to deal with defaulters. We got a lot of good feedback from our community members about our services. Our female debt collectors have a higher collection rate because male collectors tend to leave once the clients say that they do not have the money to pay the installment, which is not the best way to deal with the local people. Our female debt collectors will deal with that situation differently by talking in a more positive and persuasive way and pay a visit to the debtors' residences more frequently.⁷²

LPLPD as a top coordinating institution for all LPDs in Bali organizes several trainings in order to advance the workers' skills on topics such as internal supervision, human resource management, and accounting, to name a few. Through the training, female workers are given the opportunity to extend their competence and professional network to establish a cultural capital. The embodied knowledge and relationships gained through training become transferable to the workers' current and future position within the LPD, which may potentially help to increase their financial capital and possession of tangible assets. My view from being an LPD trainer myself gives me an idea that female LPD workers feel a sense of pride and respect from others given their employment in the LPD and through the achieved professional development, which eventually allow them to join higher statuses in the community they live in.

⁶⁹ Retrieved from: LPD Information and Reporting System (2019)

⁷⁰ Ibid

⁷¹ See Appendix E

⁷² Appendix D (002ssM_LPDM)

Nevertheless, the illustration above may appear slightly different in the case of a female manager of a modest LPD. The position does not necessarily grant her a higher social status due to the existing gender norms limit her ability to enact the right decision without yielding any form of resentment from the community members. For example, when she travels across the village on her motorbike to collect saving and/or installments from the clients, she often receives unpleasant answers from them. Moreover, in her communication with the village leaders, who are mostly men, gendered power relations remain unchallenged in terms of who and how decisions related to the LPD are made.

4.4.3. Financial Capital

The growth of micro banking industry in Indonesia since 1970 provides village members with various sources of formal and modern financing in order to combat harmful financing practices such as loan sharks and bonded labor. Village banks, cooperatives, rural credit institutions, and the microfinance branches of a national bank, are a few examples of formal financial intermediaries, competing one another to grab the highly prospective small-scale loans market. There are also the local and national government, as well as developmental NGOs (non-government organizations) through which cash transfer and productive capital such as crop and cattle are often distributed to the village people.

However, for all native members of a customary village in Bali, an LPD is designed to make distinctive financial capital available to them. Eligible members – shown by their kinship and family lineage - are guaranteed access to their own LPD. Their participation is straightforward, lasts forever or as long as the membership attached, and is revocable when membership is removed. Due to the advantage of auto-membership, three common ways for LPDs to mobilize finance are through generic saving product (e.g. voluntary and mandatory

savings), time deposit, and programmatic saving accounts (e.g. saving for education, pension, and religious ceremonies). For example, LPD Pecatu of Pecatu Village creates a Saving Plus product, a voluntary saving account for each eligible member or household in the village that comes with several benefits such as prized coupon and bereavement compensation at an amount of Rp. 2 million when the account holder is passing away. If the account is inactive for a long period of time and/or going to be terminated, the LPD can retain the utmost of Rp. 200 thousand from the account. Furthermore, based on the principle of shared communal responsibility and cooperation, the LPD is allowed to deduct an amount of Rp. 1 thousand/month from each saving account to be used for the village supported mass cremation ceremony.⁷³

To access a loan, besides some common requirements such as proof of identification and collateral (although not all credit requires collateral), a borrower must have their loan request authorized by the village chief and must bring a co-signer/guarantor to the LPD office for the loan to be approved. The two last criteria, though largely vary among LPDs, are usually dependent upon the size of the loan and the debtors previous lending history. In addition, although individual assessment remains a primary way to evaluate someone's credit worthiness, LPD relies on another group based, less formal, and discretionary assessment which is one's kinship. Unlike the Grameen Bank where a woman member is relying on the other members of the self-help group who are unlikely having any familial relationships to her, the LPD uses the power of family affinity, and in some cases personal guarantor, to reduce the risk of default.

The extent to which LPD, as the community financial capital, affects women can be seen from two vantage points: first, within a spousal context, women (or wives) are almost always the credit co-guarantor for their husbands. For each credit application, LPD usually requires both the

⁷³ LPD Pecatu is one of the biggest LPDs in the south Bali. All information provided in this dissertation is retrieved from the LPD Pecatu's well-established website: https://lpdpecatu.or.id/lpd_pecatu/

debtor and a co-guarantor to be physically present in the front of the LPD's loan officer so that the loan proposal can be approved. Co-guarantor means that the person will also be responsible in the case of default. However, it is important to note that the requirement for a guarantor may create unbalanced gender dynamics and bargaining power between male and female members. For that, two of my observed participants casted their opinions on this issue as follows:

Aydi explained that LPD's co-signer requirement makes sense because LPD cannot be bankrupt and should avoid high non-performing loans at all costs. For her husband to have her as a co-guarantor, or vice versa, in her opinion accentuates the meaning of a household. "We must provide support to each other," she said.⁷⁴

Similarly, Maria argued that:

The household is an inseparable unit in which all decisions should be made together between husband and wife.⁷⁵

While her situation is an exception, Maria's decision to be the credit applicant, allowing her husband to be the co-guarantor, was more practical because her income is more stable than her husband's. Both of the observed participants' answers not only represent their stance on a definition of household (or family) but also the gender dynamics with their husbands.

Second, Balinese women are known for their pivotal but secondary roles for their husbands when it comes to financial issues regardless the value of their contribution. Their position as the loan co-applicant benefit the LPDs because of the common assumption that they will ensure the full and timely loan payment. One of the LPD managers explicated that in the case of difficult payment from their clients, the first thing to do is to talk to the debtors' wives. Generally, the wives usually have more information regarding their plan to repay their debts and

⁷⁴ Appendix C (001poAydi)

⁷⁵ Appendix C (001poMaria)

give honest answers about whether they have or do not have the money. At the time I visited the LPD's office, I waited for about an hour before the manager finally came. She told me:

I just came from a debtor house that I have visited several times now. I met the wife, she seemed surprised I was coming, especially because I came to ask for repayment. She said, she will talk to her husband and will repay the debt once they have money.⁷⁶

She added:

Besides visiting the debtors' residents, she takes advantage of various communal events to meet her clients, because there is a great chance that they also attend the same events.⁷⁷

Another LPD manager described:

We always want to make sure that every married male loan applicant is accompanied by his wife when applying for loans. First, the wife is the one who will make sure that the loan is used for the purpose they mentioned in the application. Second, the LPD wants to prevent the husband from using the wife's name without her permission.⁷⁸

Given the description above, women's role and position are extremely important for the LPDs regardless of their subordinate position.

4.5. Conclusions

This chapter considered three major points. First it discussed the extent to which social capital generates microfinancing activities, the mechanisms for microfinance to facilitate social capital, and the impacts that microfinance activities have on the community's human, cultural, and social capital. Using the case of Lembaga Perkreditan Desa (LPD) in Bali, an example of a community-owned microfinance arrangement, which embeds its practices in communal values and networks, the study shows how a community's capital may facilitate and be facilitated by this financial institution. More specifically, the chapter grapples with the question of whether the interactions between a community's shared values and the LPD bolster women's agency and position in the society.

⁷⁶ Appendix D (003ssF_LPDM)

⁷⁷ Appendix D (004ssF_LPDM)

⁷⁸ Appendix D (003ssM_LPDM)

The chapter concludes that social capital does facilitate the presence and existence of LPDs through several mechanisms. First, the customary governance system encompasses the LPD, producing community members' loyalty, respect, and support for the sustainability of the LPD. Second, the adaptation of communal laws into the LPD's operationalization and risk management can help reduce the number of credit defaults. Third, the routine general assembly meeting serves as a medium for communicating various matters and solving problems in the LPDs. Fourth, the LPD operates in a relatively flexible way while remaining accountable, because community members granted a credence to their LPD. More specifically, women's social capital realized through their involvement in social associations – mostly mandatory for adult female members of a customary village to join – paved the way for the LPDs to contribute to non-profit oriented efforts.

LPDs facilitate the emergence of a community's social capital. The mechanisms are as follows: first, loan application criteria potentially advance members' interdependency and trust in one another. Second, using LPDs' products increases members' sense of belonging and responsibility for community development. Lastly, using the village general assembly meeting to present all information about the LPDs improves members' trust.

Yet the results show that LPDs do not foster women's social capital for two reasons. First, given the loan application procedure, women remain dependent on male relatives and experience challenges if they do not have a spouse, male relatives/in laws, and/or sons. Second, gender norms limit women's capability to voice their opinions in meetings about LPDs.

In addition to social capital, other community capital, including human capital, cultural capital, and financial capital, are also influenced by the presence of LPDs. LPDs contribute to the development of a village's human capital by providing various work opportunities for women in

the village. Given these opportunities, village women can gain experience, earn income, develop knowledge, extend networks beyond family and kinship, while taking care of their households because they do not have to travel outside the village for work. LPDs also develop saving products to support children's education and extra-curricular activities for women and children. Cultural capital was tapped by whether LPDs' female workers were able to improve their agency in the workplace. The study shows that LPDs promote female workers' agency by providing opportunities for them to join training organized by the LPD training institute. Lastly, LPDs' position and roles as the only village-owned financial capital institution correspond to better access to finance for women as well as having more control over the use of the loans.

CHAPTER 5: INTRAHOUSEHOLD DECISION-MAKING ON CREDIT ALLOCATION

5.1. Introduction

Evidence of gender bias in development planning reveals that crucial elements such as power and welfare inequalities among members of households can no longer be ignored (Folbre, 1997). Such inequalities may determine how resources are allocated, and not knowing that can potentially lead to poorly designed and targeted public policies (Alderman, et al., 1997). I support Folbre (1997) in questioning why certain development policies are biased against equality for women in various spheres, not to mention within intrahousehold relationships. It is important to note that for a policy analysis to adequately comprehend intrahousehold dynamics, several aspects need to be considered, including how individuals form a family, norms that rule how a family may function, and whether these norms are subject to adjustment (Alderman, et al., 1997). Plus, what constitutes a “family”? This chapter discusses these aspects using the cases of the four observed participants.

Essential to the study of intrahousehold resource allocation and bargaining power is whether a household is treated as an undifferentiated optimizing unit (unitary bargaining model) or as a collection of individuals with discernable preferences (cooperative bargaining model). Using income as a proxy, Doss (2013) explains that a unitary model predicts that the household’s decision should only be affected by total household income instead of by individual members’ contributions to the overall income of the household. A cooperative bargaining model proposes that individuals’ bargaining power within a household may be affected by options available outside the household. The basic understanding of the unitary approach in the intrahousehold allocation is to perceive a household as a group of individuals who act as one, both as a production and consumption unit; have the same preferences; and pool their resources in order to

maximize family welfare (Quisumbing et al., 2013; Doss, 2013; Lenjiso et al., 2016). Gary Becker (as cited in Alderman, et al.,1997) argues that the household utility is a single set of preferences derived from the household's combined time, goods purchased in the market, and goods produced internally. In a household where there at least two individuals that share their preferences, this model assumes that either everybody has the exact same preferences or only one person makes all the household's decisions (Quisumbing et al., 2013). Further, the household income is also considered as a pooled revenue that consists of everybody's or only one person's share; hence, it becomes irrelevant to know who, the husband or the wife, controls the resources (Lenjiso et al.,2016). Thi Minh-Phuong Ngo and Zaki Wahhaj (2012) argue that in the case of joint-productive activity where both spouses equally contribute in terms of labor, an increase in household income as a result of such activity leads to a more egalitarian decision-making within the household and improve welfare for both spouses. Alderman et al. (1997) describe that the lump-sum transfers are more effective than price subsidies if the household recipients' intrahousehold decision-making operates in a unitary way. Moreover, based on the case of child allowance schemes, Becker (as cited from Lundberg et al.,1997) concludes there is an identical distribution of children allowance between mothers and parents in two-parent families regardless which spouse receives the allowance under the altruistic model (a derivative of the unitary model). Given the illustration above, the underlying assumptions for this model to work remain a battle ground between those who are against versus those who are favor. Many have questioned if factors such as gender, norms, socio-economic background that compose an individual have zero effect on the household distribution of labor, control over resources, and especially on one's agency and bargaining position in decision-making.

On the other hand, cooperative bargaining model acknowledges that household or individuals within a household do not act as unitary entities. Doss (2013) argues that cooperative bargaining model proposes that individuals' bargaining power within a household may be affected by options available outside the household. It is clear from that definition that this model of household decision-making is introduced to outweigh the inherent drawback of unitary model because of its failure in explaining intrahousehold disparities found in households in developing countries (Iversen, 2002). Further, the intrahousehold bargaining concept's enthusiasts assert that the unitary model does not consider the existence of other individuals in the household, by which their identity may affect the household decision-making process (Fiala, 2015). The logic of this model is parallel with collectivist or co-operative-democratic logic, a concept coined by Rothschild (2016) where she argues that co-operative "undergirds efforts to develop organizational processes that will let members [to] discover their own and others' thoughts and values" (p. 8).

The following sections will describe factors that affect Balinese women's bargaining power in the intrahousehold decision-making dynamics and observe various scopes under which spousal intrahousehold decision-making and resource allocation are most likely to benefit women.

5.2. Intrahousehold bargaining model

5.2.1. The concept of intrahousehold bargaining model

The intrahousehold bargaining model takes into account any asymmetrical power and gender relations within the household (Gebozie, 2010). It also assumes that individual's identity who controls household resources affects the outcomes of household decisions and the way decisions are made (Agarwal, 1997). Locke et al. (1999) describe that "bargaining within the

household is often hidden, involving emotional manipulations and unspoken power games that may not be readily detectable or fundamentally threatening” (p. 275). Another main characteristic of the bargaining model besides recognizing the presence of self-interest individuals within the household, is the identification of each individual’s respective fallback positions or strategy which represents their best step to survive the breakdown of their cooperation (Gebozie, 2010).

As many key development outcomes are contingent upon women’s position in the household decision-making process, and supported by the assumption that women’s increased bargaining power is linked to family’s general well-being and a better allocation of labor in the household, measuring factors affecting women’s intrahousehold bargaining power in the allocation of resources is essential to help identifying which policies that really benefit women (Doss, 2013). Increasing women’s literacy and their participation in the labor force arguably will strengthen women’s agency and intrahousehold bargaining power (Sen, 1999). Additionally, when women are self-reliant, know their right to determine choices, and are able to gain control over material and nonmaterial resources, they are empowered (Moser, 1989). Although, many studies have associated land ownership with women’s higher bargaining power (Allendorf, 2007; Doss, 2013; Abbott et al, 2018), the ownership alone is not sufficient because they also need to share control over the land and its uses (Abbott et al., 2018). Further, studies split between those who argue the positive impact of land tenure to loan demand (Sarap, 1990; Zaman, 1999; Jia et al.,2015) versus those that argue the opposite (Kangogo, et al, 2013).

To bring this model into the context of microfinance, a wide range of indicators including income, asset ownership, ability to decide, participation in labor force, and education, to name a few, are employed in studies that aim to observe the effectiveness of let say, a women-focused

program like microfinance. Gebozie (2010) argues that loans provision for productive purposes through a microfinancing scheme can significantly increase women's resources, as well as lessen their overall vulnerability.

Nonetheless, it is common for microfinance institutions that operate in a strongly patriarchal society to encounter that it is usually the husbands who are in charge in deciding whether to take a loan or not, and how to invest the money, despite the fact that the credit program targets women. Often, husbands are motivated to refuse an investment in the wife's sphere autonomous that could substantially weaken his bargaining power.

Bargaining in a household occurs not only between spouses, it may exist between parents and children, among in-laws, and various other members of the household. In a specific culture like Balinese, it is common to see parents, especially when they are aging, live with their eldest son and his family. The presence of elder figures and/or male relatives in a household may also influence the household dynamics and interaction among members of the household. It also has a great potential to determine how decisions are made given every person's bargaining position in the household.

5.2.2. Intra-household decision-making and resource allocation in bargaining model

In Balinese society, ancestry and patrimony are culturally patrilineal. It is traditionally more acceptable if a married couple has at least one son in addition to one or more daughters. For a couple with no sons but daughter, they can marry their daughter uxori-locally where her husband moves in to the wife's house and abandons his own rights in his own lineage (Geertz, 1959). In a "normal" case, a married woman will move to their husband's house, sharing residence with the husband's parents and/or siblings. For a married woman, patrilocality itself renders a broader meaning beyond a physical movement out from her natal family which is the

disconnection with her ancestor. Unlike Western culture or other societies in Indonesia, a married woman is neither required to relinquish her family nor take her husband's last name. Unless, the woman is marrying someone across the caste stratification that is more likely to give her a new name, marrying somebody from the same social strata will not be causing a significant change in woman's identity. However, the intrahousehold relationships may still be structured in a certain way that confirms typical patrilineal gender and social norms.

If a woman is the only offspring and married to a man uxorilocally, she is the heir of her own family, and attached to her not only the rights of inheritance but also the physical and material obligations to preserve family customs and deliver funeral services to her immediate family. As of today, this practice remains sporadically undertaken, and for the men to agree in taking this anti-mainstream concept, the society often questions their motives.

In either approach of marriage, the formation of a household will bring in different identities, preferences, and expectations into the family that determine how each person acts in achieving the household objectives. In addition, although households are also allowed to live physically separated from the parents, the principles of extended-family decision-making remains applied, with parents in law and senior male relatives managing major household decisions. An interview with a university professor describes that:

Under the Balinese Hindu culture, marriage is seen as an exchange of individuals, where someone becomes fully detached from her/his kinship. This detachment causes a big shift in one's mind to give her/his life and death to the entirety of the new family.⁷⁹

Another expert added that "patrilinear system causes great consequences both socially and legally."⁸⁰ Furthering his opinion, instead of being oppressed, Balinese women are actually not knowing, thus, fail to redeem their rights to be equally standing with their counterparts in the

⁷⁹ Appendix D (002ssM_DA)

⁸⁰ Appendix D (001ssF_ML)

community. They confirm the values and ethics instilled in the society without even bother to challenge. For example, in the case of late community meeting hours, instead of asking the meeting hours to be changed or improving inclusivity by combining the meeting with women's social activities, they choose to abstain and let the dominance (i.e. male leaderships) to decide.

In light of that condition, all four women observed in this study see their involvement in intrahousehold decision-making as a normal concept despite living in a society that upholds patriarchal system. They also tend to agree on the expert's opinion about their absence from a communal meeting especially when it is done in the evening, however, they argued that their absence did not mean that they were not aware of the issues being discussed in the meeting because their husbands will eventually share the information.

They also agreed that economic productivity and self-reliance enhance their capacity in decision-making and social well-being. In each of the studied household, I found similarity that they perceive whatever responsibilities that are given to them, whether for children's health and education, personal career ambition, or for non-domestic tasks as *yadnya*. I conceptualize *yadnya* as a devotion from someone to another person which is given with a purity of devotion.

Penny, a business woman and a mother of two boys and one girl, explained that balancing domestic duties while managing a family business is incredibly challenging. There are some typical gender-based duties that she and her husband choose to comply with while some others are done without considering gender as a factor (e.g. she leads the business and manages all the workers). Penny also believes that fulfilling all life obligations is a part of saving for good karma and/or override previous bad karma.⁸¹ Because she works from home while the husband – who is the only son in his family and also from a higher caste – works in the city, her daily tasks

⁸¹ Appendix C (001poPenny)

include taking her youngest son to school, preparing foods for her family and father-in-law who lives in the same compound, doing daily rituals, contributing in social activities in banjar,⁸² while managing the family's organic fertilizer business. Her office and the farm are located right behind the family resident. This setting gives more flexibility to her in balancing both domestic and professional duties. I saw a couple times where her youngest son who was still in the elementary school visited her office and worked on his homework there. I interviewed Penny several times in her office while she was directing her staff, processing a payment, or receiving some business calls. She allowed me to stay in her office and observe her activities, a sign that she welcomed my presence as an outsider.

Their home business, started in 2005 and funded by LPD's loan, employs at least 10 employees, mostly women, from local villages and outside the Bali island. She explained her reason to employ non-Balinese (female/male) workers as follows:

Employing Balinese people is an obligation because we want to help our people. But, with so many rituals observances and community obligations, working with them, especially the female workers, can be very challenging for the business. They usually ask for more days off compared to the non-Balinese workers. Hence, I decided to "keep a balanced proportion between local and out of the island workers."⁸³

Penny is accountable for the daily business operation and has the power to decide what to do and when, although some major decisions are still shared with the husband such as firing a staff member or scaling up their loans. When I asked Penny about her husband's influence, she added:

He does not really influence my decisions about any routine activities either in the household or in the business. He knows that everything I do at home is for the betterment of the family. Only if something major happens then I will bring the issue to my husband, then together we bring this to his father.⁸⁴

⁸² Banjar is loosely defined as local neighborhood wards (Putra, et al.,2016), an informal organization and communal association where most of the social activities at the village level are held.

⁸³ Appendix C (004poPenny)

⁸⁴ Appendix C (005poPenny)

For a reference, routine activities in Penny's opinion include common household activities (i.e. cooking, cleaning the house, ritual observance, children's education, food and health) and professional duties (i.e. managing supplies, promotions, and farm maintenance).

Penny further explained to me that while taking abundant responsibility to make sure the family business is profitable and sustainable, she admitted that:

Her domestic obligation to provide food is moderated nowadays because there are many food merchants available in the neighborhood, a situation that her other family members fully utilize instead of asking her to cook.⁸⁵

In one occasion, I was invited by Penny to join her and her two sons to pray in a temple in the Tabanan area. I was so thrilled and accepted her invitation promptly. During the trip, I was asked by her elder son, who was then planning to apply for a university in Canada, what I had done to pass the requirement for studying in a U.S. university. I also learned that Penny used the occasion to discuss about various things with her sons and to teach them moral values. When I asked who helped her in preparing the offerings to be used in the temple, she answered:

"I prepared them this morning." She then added that nothing is difficult if we can manage our time. Balinese women are known for their creativity and self-reliance. At the end of the day what we want to see is everything is done.⁸⁶

From following her in doing daily activities in the household and business site for several days, I found that her status and position in the family is special and allows her to express her personal interest in household decisions. This is affected by a combination of factors namely, first, her husband is the only son, hence, she is the only daughter-in-law, which means less external influences from other in-laws; second, she has shown herself to be trustworthy and a

⁸⁵ Appendix C (002poPenny)

⁸⁶ Appendix C (005poMaria)

fully devoted person to the family welfare; and, third, she has shown the ability to balance domestic, professional, and social responsibilities. Given this, Penny's specific circumstances offer her a level of comfort and authority to control the allocation of resources and family finances. In addition, she repeatedly asserted to me that outcomes or final decisions are the result of a coordination between her and her husband.

A different story is told by Maria, a middle age government officer, who has a daughter and a son who holds a degree in medical science and works as an architect respectively. She described that her agency at home is not determined by her appointment in the local government office or her income. One day I was invited by Maria to visit her office and to conduct the interview in her 20-square-meters office that she shared with three of her staff members. Her middle management position does not give her a privilege to have a separate room, but Maria seemed fine with this circumstance. Instead, she explained:

“I do not have any problems working in the same room with my staff. In fact, I can coordinate better with them. But I also agree that as their supervisor, I should have some kind of privacy.”⁸⁷

When I asked how she coped with the challenge of being the only homemaker during several years in the beginning of their marriage, she explained that:

She was and still holding on to the principle that the future is unpredictable and that it doesn't matter where the money comes from, but rather what situations they handle each step of the way together.⁸⁸

I was so grateful to be allowed to stay in Maria's house for a few days and to conduct my participation observation in a way that I wanted them to happen. Each morning, Maria cooks and her husband does daily morning ritual. This “morning ritual” has been in place for so many years and is not determined by anything that happened individually except when one of them is sick. I

⁸⁷ Appendix C (002poMaria)

⁸⁸ Appendix C (003poMaria)

found that this family does not confirm the common concept that women must do the ritual. Instead, Maria argued that “switching responsibility”⁸⁹ is better for the family because men do not experience menstrual cycle that could impede them to do rituals and enter a holy place. At about 5 a.m. in the morning, Maria usually wakes up then prepares a simple breakfast for everybody consists of a glass of milk and a piece of bread, including for me when I stayed in their place. The next thing they do was praying together and talking about last night or their plans for the day.

Although, she once held a higher official appointment compared to her husband, their household decision-making processes are aimed to maintain everybody’s dignity regardless of their contribution to the family income; thus, she promotes the idea that family members are valued not based on their financial earning potential but as the people they are. To accomplish that, Maria and her husband used the morning “meeting” to talk about issues that Maria and her husband want to discuss. Moreover, Maria has the authority to manage and decide most of the household related matters after discussing them with the other members of the household.

Maria and her family are another example of no strict gender division of labor and bargaining power position to control the use of resources regardless one’s financial contribution to the family. Similar to Penny, each member of Maria’s family holds on to a shared principle and goals, and attempts to create practicality and effectiveness in balancing household and professional responsibilities.

In a Balinese female-headed family, the circumstances are not much different as the female leader will always govern the household altruistically. Incomes are pooled in a way that allow her to distribute according to her own preferences, as well as to control the use of it. The

⁸⁹ Appendix C (006poMaria)

presence of male figures, either son(s) or father/brother(s)-in-law, however, will potentially divert the scenario. In providing the detail about her life, Sea explained that her late husband had provided the family with a sustainable source of income (i.e. a boarding house) and a piece of land that Sea and her only son can manage for a longer term. Sea's son, who just had his second baby early April 2019, is currently working as a purchaser supervisor in a chained hotel in Kuta Area. Besides, Sea also manages her own home business of offering making that she has been doing for decades now by optimizing empty car garages in front of the house (Figure 5.1).⁹⁰ She asserted that:

“As a widow, it is always great to have a fallback strategy in case one of the sources is no longer viable.”⁹¹ We live surrounded by my husband's brothers,⁹² hence, I can always see them anytime if I need their helps, and vice versa. My son will never leave me alone too.



Figure 5. 1 Business corner in Sea's house

⁹⁰ See Chapter 4

⁹¹ Appendix C (005poSea)

⁹² Referred in this study as patrilocal

While her son – also contributes his income to the family – and his wife together with two children also live in the same house, Sea practically controls the use of income and the allocation of labors in and outside the household. In regards to maintaining her “public presence” in various communal activities, she shared her feeling during an interview while she worked on an order:

She is quite relieved because now she can share those abundant social requirements with her son and daughter in-law and focus working from home while taking care of her granddaughters.⁹³

When I asked her if being a widow changes her relationship with her in-laws and increases her dependency to others, she answered me firmly that she found no difference between before and after her husband passed away. Her family remains a separated household unit in regards to domestic and financial aspects, except for things that are usually done together such as maintaining family temples and attending communal activities. During my observation, I found an interesting model of shared responsibility in this type of kinship. For example, during the six- month ceremony of Sea’s first granddaughter, everybody in the kinship contributed to the preparation and execution of the ceremony. Some families provided her with supplies while others were helping her with manpower. All of which accentuate a quality that I categorized as strong familial ties.

Aydi, a wife, a mother of two children, a kindergarten teacher, a traditional dance, and a female-group leader in her village. She is often appointed to coordinate art and cultural activities in the village level, which are mostly contributed voluntarily. Most of the village related activities, especially the female traditional music group that she led, are conducted after the working hours and/or during the weekend. Two important qualities among many others that I

⁹³ Appendix C (006poSea)

saw from Aydi are she is capable of conducting many tasks because she is a very well-fit person, and she attempts to be professional in all of her tasks.

Aydi's husband is a teacher in a public school who has to commute for about one hour each way everyday by a motorbike to his school. Being a teacher in a public school also renders that he is a government employee with a guaranteed income and long-term job. Considering her various professional activities, her income contributes quite significantly to the family income and determines her bargaining position in the family decision-making process. Aydi described:

Her position and status in the family is indeed determined by her income contribution. However, any major family decisions are always going to be consulted with the husband, her only mother in-law, and if necessary, to her husband's brothers.⁹⁴

When I asked if she has any control over the use of her income, she answered:

“Yes, I am the one who control where the money, either it is coming from me or my husband, goes in the family.” My husband, though he knows very well how much money everyone makes, he does not know anything about the money management. So long the money is used for good purposes, which is what it is supposed to be, he is fine.⁹⁵

Furthermore, whether she is able to determine how jobs are distributed in the household, she disclosed:

Some jobs are really meant to be done by women like cooking, cleaning, doing laundry, and ritual observance. As a Balinese woman and a wife, I will always try to fulfil some of those basic obligations first before doing anything else. With two teenage kids at home, we share our household chores with them. My husband and I are agreed to limit our external activities to make sure everything at home is well-managed.⁹⁶

The above illustrations support the common assumption about gender-based division of labor in a household, however, they do not confirm that factors such as women's academic

⁹⁴ Appendix C (004poAydi)

⁹⁵ Appendix C (005poAydi)

⁹⁶ Appendix C (006poAydi)

backgrounds, social status before marriage, and income determine their bargaining position in the intrahousehold decision-making process.

5.2.3. The impacts of loan taking to the bargaining intrahousehold model

Many studies attempting to investigate the intrahousehold bargaining model in micro loan household recipients lean toward applying the cooperative model of intrahousehold decision-making instead of the theoretical unitary model. The reason that the cooperative mechanism is preferred because the model offers methodological convenience to accommodate the basic assumption that women do not always share the same preferences and authority than their spouses. Moreover, it captures the asymmetrical power relations and differences in opinion among family members in intrahousehold decision-making to achieve family welfare (Quisumbing et al., 2003).

When Maria⁹⁷ and her husband had to take up a loan for the first time from the LPD, the husband was the applicant, while Maria was the guarantor. She allowed herself to be the second person because of the general understanding of what the role of the male should be, the applicant, not because her husband directed her to. Her husband's income was fully dedicated to repay the installments, while her income was for daily expenditures and ritual. Whether Maria thinks that this scheme reduces her agency in decision-making, she asserted that:

Such decision was neither influential nor substantial to her overall bargaining power in their household. She also convinced that the purpose was merely to ensure efficiency in the spouse's income allocation, in the sense that it is considered more practical and "safer" to allot the husband's income for a scheduled payment like credit installment instead of on typical household spending.⁹⁸

⁹⁷ See Chapter 2 for Maria's profile

⁹⁸ Appendix C (004poMaria)

By doing so, the expectation was to ensure that there is a control on the husband's expenditure for more productive ends furthering the gender roles associated with money. Similar to Maria, Penny shared her slightly different story where she was the loan co-guarantor as her husband took the role as the credit applicant. Penny is given the freedom to manage the use of the loan for consented purposes that she and her husband prior to the loan application were agreed on.

In Sea's case, her ability to access or maintain the established relationship with the LPD in her village remains the same because she can have her son to replace her late husband in the LPD's system. To fund the son's wedding, Sea opened up to me about her own decision to take another loan at an amount that she had never imagined she would ever make. She borrowed over a hundred million rupiah (equal to \$7,500) that she could get relatively easy considering her good credit history with the LPD. I wondered why the wedding cost was so high? She explained to me:

Because we live in this kinship, any opportunity to conduct a ceremony for my own children should also be opened for my brothers in law's children as well. The cost will eventually be shared among all of us, although the majority will be my responsibility.⁹⁹

Sea plans to pay all her debt using the money she earns from renting boarding rooms and selling offerings, as well as the son's income contribution to the family.

5.3. Conclusions

This chapter explored the presence of bargaining decision-making models and under what conditions or mechanisms do LPDs affect women's bargaining position in their households. The study concludes that a bargaining model is preferable for all the households given a shared belief that marriage is a system of togetherness and solidarity where individual's preferences are

⁹⁹ Appendix C (007poSea)

considered and nourished. This study found that the Balinese Hindu context of household is a unification of individuals that is governed by a shared goal that guides everybody's labor provision and determines each member's income contribution to the livelihood of the family. Under the same rationale occurred in a cooperative organizational model (see Rothschild, 2016), the intrahousehold bargaining model means a member of a household cannot be "dismissed, marginalized, or rendered inferior" by the others because everybody has the rights to be heard and considered (Rothschild, 2006, p. 9).

Despite the common gender-based division of labor that appeared in the studied households, there were also plenty of cases where switching roles between spouses are possible especially in roles that are not typically done by a certain gender. The extraordinary capacity to undertake jobs beyond household responsibilities that were showcased by the study participants render them an attribute to be resourceful, hard worker, and fully committed agents to their family. Furthermore, this study found no evidence that each woman observed in this study cannot control the allocation of labor and finance in their household. There was also no relationship between these women's socio-economic backgrounds with their agency in the households. Although, it was apparent that they also allow any final decisions for family related matters to be a result of a collaboration of thoughts with her husband or other family members. Each woman manages the pooled income responsibly to fund the household needs and there are possibilities that women's domestic tasks are somewhat moderated given their other income generating activities.

In the context of embracing agency in a public setting, the observed women described that regular public meetings are men's sphere and their absence are mostly due to logistical issues. However, they are not necessarily omitted from the "bigger picture" because they will

eventually be informed about the issues being discussed and the topics are not directly related to them. Based on the arguments above, I concluded that whether women's turn out is high or low in a public meeting, it cannot be used as the right indicator to measure women's agency in the extra household decision-making process. In addition, a female-headed household can have a better support system if her son is married because the daughter-in-law can take over some of her public obligations.

More specifically to the way of bargaining model influenced women's access to LPDs and their capacity to use loan, the study found no notable factors that limited women's access to and control of how loans were used. The women understood and adhered to the LPD's requirement that they be the loan guarantor, while also taking advantage of the possibility to reverse the guarantor's positions for the sake of practicality. Interestingly, in the case of ritual related expenditures and activities, where loans do not apply, women played significant roles in the execution of almost all rituals, while men controlled the broader aspects (such as the date selections, managerial, and resource pooling) aside from individual's share of income.

Referring to the LPD's basic requirement to co-warranty the loan, there are a couple possibilities entail. I found three important evidences from all four women stories and from my own observation on their day-to-day lives. First, as a spouse, they are always going to be consulted by their husband/son before taking a loan from the LPD because the LPD will not approve a credit proposal without the presence of the applicant's spouse/male relative(s). In the case where these four ladies were the loan applicants themselves, it was usually after the first loan, their husbands or male relatives will be the credit co-guarantors. This circumstance confirms what Kabeer (2001) explains as 'emotional interdependence.' She argues: Family members who have shared adversity and faced the humiliations of poverty together, who were

working toward common goals, are likely to develop ties of affection and loyalty toward each other. (Kabeer, 2001, p. 80).

Women's position as a credit co-guarantor of their husband's debt is not riskless. This may expose them with possible unequal responsibilities. However, women could have an equal bargaining position to men in determining the success of a loan proposal. For four women under study, they are more concerned about paying the loans in timely manner compared to their counterparts as driven by 'saving a good karma' mentality. Similar condition also surfaces in other part of the world where microfinance practices exist (Gebozie, 2010; Sanyal, 2009; Ashraf, 2009). Regardless of the motives for taking out a loan or whether the initiatives came from the four women or their husbands/male relatives (in Sea's case), each woman admitted that they enjoyed a certain level of self-worth and perceived economic contribution.

Second, women are culturally recognized as a natural born financial expert. Even though, in all cases, the husbands were the loan account holder, the wives are the ones who make sure that loans are well allocated. Their responsibilities include, controlling how the loans are used, managing the monthly payment, contributing to the monthly installment, making sure that the household is not involved in any risky activities, and allocating the family income so that all pre-existing household consumptions are consistently funded. The above condition only occurs under the assumption that the loans are high enough that the interdependence and commitment between the spouse are preserved. Nonetheless, the existing gender asymmetries resulted from women's lacking of personal asset ownerships make them more dependent to their husbands (or male figures in general) than the husbands to them. This situation requires them to strengthen cooperation and minimize intrahousehold conflict within the family.

CHAPTER 6: SOCIAL MOBILITY AND INTERGENERATIONAL IMPACTS

6.1. Introduction

Small non-collateral loan provision as a developmental stimulus is still gaining momentum in 2019 and possibly for many years ahead. It provides symbolic objects and meaning to those in the bottom of pyramid so that they are able to acquire the opportunities that were not previously available to them. Further, through grassroots financing, the impoverished can have a slow-paced way to create a socio-economic betterment that may lead to social mobility. There are still very limited studies available about how social mobility is fostered among the microcredit recipients, however, the potential cannot be restrained. Moreover, incorporating some ascribed characteristics conditions such as race, sex, and socioeconomic into the study will provide more nuance understanding as to whether microfinance may reduce or exacerbate unequal opportunity among members in order to attain certain social positions. For the purpose of this study, I conceptualize social mobility as one's current social positions that can be differentiated from the others and/or from one's own past. A factor such as marriage is said to be providing a route necessary for higher socioeconomic attainment, and eventually a better income (Dribe, et al., 2019).

In addition to race and socioeconomic, social mobility can also varied by gender. Based on data published in 2017, Balinese women contributed 37.68 percent of the total family income, increased from 34.89 percent in 2010.¹⁰⁰ Further, the Balinese women's total expenses per capita also increased during the same period with the average increment of four percent per year.¹⁰¹

¹⁰⁰ Retrieved from: <https://bali.bps.go.id/dynamictable/2017/03/25/113/persentase-sumbangan-pendapatan-perempuan-provinsi-bali-2010-2017.html>

¹⁰¹ Retrieved from: <https://bali.bps.go.id/dynamictable/2017/03/25/110/pengeluaran-perkapita-disesuaikan-menurut-jenis-kelamin-dan-kabupaten-kota-2010-2017.html>

When women work, they reinvest almost 90 percent of their income back to their families, compared to men who reinvest 35 percent of theirs (“Empowering Girls,” n.d.). This means family expenses such as foods, children’s education, and healthcare are less likely to be unfunded when men’s income discontinued. Specifically, religious ceremony related expenses are taking a big portion of Balinese Hindu households’ expenditures for up to 20 percent. Given the illustration above, Balinese women have been part of the labor force undertaking formal and informal jobs for significant amount of year. In addition, the interwoven links between social ties and economic activities pave the way to the emergence of community-based financing such as cooperatives, informal rotating saving schemes, and most importantly the core of this study, Lembaga Perkreditan Desa (LPDs). The extent to which these linked associations affect Balinese women’s capability to move between social strata will be the main discussion of this final chapter.

The discussion starts with the identification of Balinese women’s social identity formation both in their households and at the societal level. This lays the foundation for the next observation about women’s social mobility and to measure intergenerational impacts resulted from the opened opportunity to access formal communal-based financial institutions. In addition, this chapter analyzes the long-term roles and effects that LPDs can potentially create specially to empower women. Given the sample characteristics and the research methodology used, this study does not aim to provide a conclusive view on the association between individual’s class background (or childhood class position) and the current individual or family class position, as well as the possible patterns of mobility or immobility between particular classes, given the provision of micro loans. However, this study does observe the influence that community owned

microfinance institutions like LPDs in Bali toward individual's social mobility that to the best of my knowledge is one of very few studies in this topic.

6.2. Social identity formation

6.2.1. Status and position

Society puts Balinese women in a very special place. This is primarily due to the society's gratitude and adherence to the God and Goddesses that influence the way they respect women. In Hindu mythology, Goddesses are not only depicted as the source of joy and prosperity for all beings, they are the divine power of the Gods themselves. Dewi Sri or Uma or Laksmi – Dewa Wisnu's wife – is the rice goddess, praised for her provision of rice and livelihood; Dewi Saraswati – Dewa Brahma's wife – or the goddess of knowledge, is worshiped as the source of truth, wisdom, and art; and, Dewi Durga - the Dewa Siwa's wife – is the protective mother goddess against evils and demonic forces. Furthermore, Hindu epics such as Mahabarata and Ramayana also have female figure representations who are wise, tough, brave, and as powerful as men. Given this, Balinese women's status becomes religiously and traditionally significant.

For Balinese Hindus, women's status and position toward men are stemmed from a conception of pradana as the opposite of purusa. Pradana represents the female element, which also means "the elements that make up the natural world" (Lansing, 2006, p. 197). Whereas, purusa represents the male element, or "the powers of kings and patriarchs in purely masculine terms" (Lansing, 2006, p. 197). The dichotomy fundamentally informs how labors, rights, and obligations are divided among sexes. Within the patriarchy system, purusa is almost always associated with men, although being a woman purusa is also plausible (Jha, 2004). Socially, purusa entails several obligations such as serving the family temples, taking care the parents and

elders within the lineage, continuing the kinship through offspring, and representing the family in communal duties. As the result, it is adopted as the basis for the customary inheritance law that gives purusa the dominance over pradana to be granted the family heirlooms and assets. In the case of a woman is also a purusa, she may inherit any valuable assets the family has; the husband, becomes a part of the wife's lineage and may lose his birthright privileges (Jha, 2004). For a household or a society to be well-functioning, pradana is the opposite power that complements purusa in all undertakings. Nonetheless, as the community grows over time, the concept of purusa is distorted to signify males' influence in controlling, thus strengthen their hegemony, over laws and public roles. Balinese women are not institutionally disallowed to be involved in public activities along with their male counterparts, however, the already laborious obligations at home and at work constraint their availability in many public activities including in the decision-making process. Their absence is then exploited by men to determine orders in the society that favor men's position, said the Desa Adat expert.¹⁰²

Balinese recognizes women as an integral part for almost all activities within the community, not to mention in their own households. Their labors are extended to include male dominated undertakings such as a security officer, parking attendant, regent, member of legislative institutions, police officer, school headmaster, or even as a highest priest. With the gained access to employment outside the domestic arena, Balinese women are also obligated to maintain their roles in religious matters (Cukier et al., 1996). Although the society still associates some jobs with a certain gender, little evidence suggests that women are actually prevented from pursuing a certain profession.

¹⁰² Appendix D (004ssM_DA)

Regardless, similar to the general concept of gender-based job divisions in a patriarchal society, the idea that women take care of domestic matters also exist in Balinese society despite the movement. Here, women are responsible to do domestic duties such as housekeeping, shopping for food, child bearing/rearing, and caring for the husband, as well as contributing to the household income (Jha, 2008). Further, they are “trained [to think] that the needs of children are more important than personal needs” (Suryani, 2004, p. 220). It is also not uncommon that the married Balinese woman is the one who is balancing the family budget as well as working in a full/part time job (e.g. as an entrepreneur and/or office staff) to either contribute to the family or for self-fulfilment. Instead of seeing those responsibilities as agonizing, Balinese women perceive them as part of their life responsibilities that give them the meaning and purpose in life. *Yadnya* (or a pure devotion) is commonly cited as the reason for always showing a sincere acceptance to all of these duties. In addition, the principle of *karma* and *phala*, or the results of one’s actions and deeds, motivates women to act selflessly.

What are the Balinese women’s views on their status and position in the society? The observed participants provided their answers as follows:

Maria and Penny similarly argued that Balinese women are self-reliant. They are capable to manage jobs and challenges without very much relying on others. “It is because we are trained to be multitasking in our entire life.”^{103,104}

Sea described that:

Balinese women are aware of their status and position in the society; hence, we will always try to fulfil or pass the society expectations. “This grants us a well-respected position in the society.”¹⁰⁵

Referring to the common patrilocal marriage system in Bali, Aydi specifically explained from a married woman’s vantage point. According to Aydi:

¹⁰³ Appendix C (007poMaria)

¹⁰⁴ Appendix C (006poPenny)

¹⁰⁵ Appendix C (008poSea)

Women have the most fluid and flexible characteristics needed to survive a marriage. Marriage exposes to them a completely new and unfamiliar situation where they are expected to adjust as soon as possible.¹⁰⁶

An expert in customary law and inheritance law reflected on the ground breaking revolution of Balinese inheritance law based on the latest Majelis Umum Desa Perkraman (MUDP) Bali Province's decree. The expert asserted:

With the introduction of the new inheritance law, married women are currently having a better condition because they can get a half of the remaining family inheritance after a third portion of it is deducted for family purposes. Unmarried women (and men) may lose their rights once they change religion voluntarily or due to marriage.¹⁰⁷

With the latest development of inheritance rights, Balinese women are hoped to have more bargaining power in many spheres of society. Further study is needed to demonstrate this assumed relationship.

6.2.2 Agency

Generally, agency is defined as the ability to create choices and act on it in a given environment. Studies in women's empowerment have found that social norms, values, and practices are among many factors that deepen women's subordinate position and status in the society, hence constrain their capacity to exercise agency (Kabeer, 1999, 2008; Kabeer, et al., 2011). Several elements constitute agency, six of which are introduced by Sanyal (2009): social awareness, social interaction, physical mobility, domestic power, civic participation, and ability to be involved in collaborative action. If there is evidence that women's agency has empirically improved, the next questions are the sources of the agency and the underlying mechanism(s).

In the context of Balinese society, Arlette Ottino (as cited in Jha, 2004) argues that women are considered complementary yet subordinate to men in popular discourse, although social order does not explicitly hinder them to be involved in decision-making process.

¹⁰⁶ Appendix C (007poAydi)

¹⁰⁷ Appendix D (003ssM_DA)

Interestingly, religious ritual is generally perceived as the women's domain, in the sense that women have the capacity to decide and manage how a ritual is implemented as well as how resources are allocated. An interesting illustration about one of the observed women participants shows the relevance of this condition. Maria is married to a highest priest's son; this marriage requires her to adapt to the family's lifestyle and adjust her life around it. After over 32 years of marriage, she masters many aspects about Balinese ceremony that gives her the opportunity to be front and center not only in her own household but also in the society. She has been appointed several times to manage ritual practices and offerings during the village temple annual ceremony and mass cremation. When I asked if she wants the responsibility of being the coordinator instead of just a team member, she answered:

In a female group that focuses on ritual, no one is actually chosen as the team coordinator, everybody works as a team, and we remind each other to our goals in supporting the ceremony.¹⁰⁸

Within this domain, women's confidence on their capabilities allow them to not only act, but also to navigate and improve their interactions with others beyond their households. Besides ritual observance, another sphere that is composed predominantly of women is small-scale trading either at home and/or in traditional markets; this trading is used as the way to gain economic autonomy or contribute to the family income. However, in a more urban area, the increased challenge of market competition from outside traders pushes Balinese women to choose ritual related goods to sell because of their guaranteed economic profit. Sea described her past trading experiences before finally entering the "market" for Hindu offerings:

I used to have a small kiosk by the main road that makes it more appealing for buyers to stop by. I sold fresh produce in the morning, snacks and household stuff in the afternoon. Before I have our own little shop, I helped my mother-in-law in her kiosk inside the Kuta traditional market. We did not hire a helper, our children helped us when they were not at schools. After several years, my husband and I decided to switch and focus on selling offerings, mainly for our extended family and friends. Unlike the previous business,

¹⁰⁸ Appendix C (008poMaria)

selling offerings is relatively more relaxing because I only need to think about one product category. The drawback of this business includes the unpredictability of people's demands and that the supply for most of the material comes from other islands, hence, selling price is always fluctuating. The earned income was mainly spent to support our daily living expenses, while my husband's income was mainly for a bigger expenditure like college fees.¹⁰⁹

Despite the economic impact Balinese women have in the traditional market, it is still necessary to consider other factors to determine the economic power that women have. For instance, changes in the inheritance law that allows women to inherit some portion of family's assets, usually in the form of land, ownership itself is not enough to measure whether women are economically empowered without acknowledging if they also have a power to control over the land and its uses. Pamela Abbott, Roger Mugisha, and Roger Sapsford (2012) argue that even when a married woman has her name on the land title, inequality in decision-making on the land use and how the income from the sale is spent remains apparent. A strong culture of son preference in Bali may account for the tendency among Balinese couples to have multiple children if their first child is not male.

The condition even becomes less fortunate when a marriage ends or when a husband passed away, that leaves a divorcee or widow economically and socially vulnerable. With less resources directly available for them, while also fulfilling their obligations at home and in the society, widows/divorcees require an adequate access to survive. Putra et al., (2016) argue that the capability to access alternate economic resources will allow widows/divorcees to demonstrate their independence and keep supporting their children, as well as involved in social and religious activities. There are several examples of alternate economic resources usually available based on socioeconomic and cultural characteristics of community in Bali. These

¹⁰⁹ Appendix C (009poSea)

include individual's access to communal resources (e.g. communal irrigation system and LPDs), social networks (including families, friends, and/or professional colleagues), and government's transfer programs (such as the government programs for affordable housing and public insurance).

6.3. LPDs' influence on social mobility: Migration, marriage, and economic attainment

Marriage and partner selection, across many societies and cultures, are considered an important route to socioeconomic attainment besides occupation and wages (Dribe, et al., 2019) that involve migration from one place to another. Migration can also be seen as a way to enlarge the market of marriage and diversify the search for a spouse from a specific social and economic stratum (Choi, et al., 2012). In patriarchal society, marriage does not only require women to leave their natal families, it is also quite typical for them to completely leave their current jobs or consider taking part-time jobs so that they can still contribute to the family financial. Moreover, Dribe et al. (2019) argue that in the historical context, partner selection is also embedded in local culture and traditions that create a nuance route to social mobility.

Within the context of social membership, Balinese people – female and male members of customary villages – maintain their residence in a village where all the members of the same lineage live. Mobility between villages is highly influenced by marriage (especially in the case of exogamous marriage) and economic reasons (e.g. moving to a new job site and/or seeking a better livelihood), although there are also intra village marriages. All the women observed participants except Aydi are migrated out from their villages due to marriage, while Aydi stays in the same village as she marries a man from the same neighborhood. Penny is considered having a vertical upward mobility due to marrying a man from a higher caste than her, even though she had to leave her previous jobs in the city to be a housemaker. Moreover, intra caste marriage

may cause someone to have a vertical downward mobility if a high caste marries a lower caste. Hence, it is common in Balinese higher caste society for the parents to introduce each other's children in order to maintain their social status. In my parents' case, my mother migrated from Cakranegara in Nusa Tenggara Barat province to Bali province after marrying my father. Together, they decided to move out from my father's original village and reside in the city because of their jobs in the government offices, while still maintaining their membership in the village. Given this condition, they both remain obligated to fulfil the original village's customary rules causing a "back-and-forth" mobility. Given all the cases above, although marriage can be a significant reason for social mobility, it is considered a secondary reason after finding a better job and an economic betterment. Maria is one real example for this assumption because her occupation as a government officer grants her a certain level of bargaining position where she was not required to leave her job to be a housewife or find another occupation. Her husband followed her path to be a staff in the local government office. Whereas for Sea specifically, her decision to be migrated to south Bali from her original village in the north Bali was essentially aimed to find a better job after finishing elementary school.¹¹⁰ Not long after she landed her first job in Kuta area, she married to a Balinese man who was a Kuta native. While her late husband had a permanent job, she decided to open her own shop so that she can contribute to the family income. Together they were able to build their current house and send their kids all the way to a college level. Given this, mobility for Sea was induced by the need to have a better economic attainment and improvement in her marriage market.

Between marriage and changes in occupational structure in regards to social mobility, the former entails the lost of communal memberships in the village, thus, losing their access to the

¹¹⁰ Appendix C(010poSea)

LPD in their origin. However, the process of inter-village marriage itself will bring new members into the receiver village which will eventually extend the market of the LPD itself. When migration is induced by the necessity to change ones' occupational structure, it is characterized by the following conditions: it is aimed to achieve a higher economic attainment, mostly in the short-term basis, and it does not require ones to relinquish their village memberships. In this case, LPDs are theoretically not losing any clients because they can always return to their original villages and use their own LPD's services and products. In other words, the "migrants" are guaranteed to still have the access to the LPD in their origin.

Given the illustration above, the follow up question will be if the LPD facilitates women to improve their lives after resettling in a new village, each woman observed participant provides a quite distinct illustration from one to another:

Sea, saved her money that she earned from selling produce (then) and offering (now) in her village's LPD. Considering the characteristics of her small business, she feels that using LPD is more convenient than the other micro banking providers because the LPD's staff will come to her place every day to pick up her savings. To deposit money in a bigger amount yet less regular is less preferable for her because she admits that she may become less disciplined and use the money for other purposes. Instead of applying for a loan to add capital, Sea simply withdraws her savings to buy materials if she gets a large order from clients.¹¹¹

The reason for that was:

Because she considered her business is too small and irregular for a loan from an LPD. In her case, loans are usually for a bigger expenditure such as to fund her son's wedding party, one of the most important social and religious attainments as a parent.¹¹² After being an LPD's clients for more than one decade, Sea described that LPD has

provided her with an affordable and relatively easy access to a formal financial institution.

Although the loans that she is currently taking is not specifically allocated for productive ends, she described that LPD is still a better solution to help her and her son after the passing of their

¹¹¹ Appendix C (011poSea)

¹¹² Appendix C (012poSea)

sole breadwinner. Sea, with the support from her son, is also fully committed to pay off their loans.

Different from Sea, Aydi's decision and strategy of using the LPD's loan is described below:

Aydi through her husband applied for a loan to fund their house renovation. The reason to do so was because her husband has more stable income from being a government employee as an elementary school teacher. Aydi and her spouse decided to apply for a loan from the LPD because Aydi's husband's relative works in the LPD.¹¹³

It is quite common in the society that being a government employee means that there are an income stability and a long-term career. From the LPD's perspective, the high risk of lending a big amount of money to a client is annulled if they are government workers. For assurance, the LPD will withhold the client's employment letter equal to a collateral.¹¹⁴ Aydi, through her Balinese dance class where she also employs several female dance teachers from the same area, had received a financial support from the LPD that was used to cover the cost from dance performances and/or when Aydi's students join a dance competition.

Aydi acknowledged that her LPD has contributed to the cultural preservation not only for her own village, but also Bali in general.¹¹⁵

With the continuous support as such, Aydi's dance class becomes one of the most enduring and respected dance school in the village where many parents are on a waiting list to register their children.

Being a debtor is not an easy decision for Aydi. She explained her reasoning:

Irregularity in revenue patterns retracts her from making a relatively riskier decision like being a debtor, but willing to open a saving account in the LPD under her name.¹¹⁶

¹¹³ Appendix C (008poAydi)

¹¹⁴ Appendix D (003ssM_LPLPD)

¹¹⁵ Appendix C (009poAydi)

¹¹⁶ Appendix C (010poAydi)

Even though at the end of the day, Aydi's total income and contribution to the family are considered higher than her husband, she is more willing to be a credit guarantor instead of a credit applicant.

Maria on the other hand has the bargaining power from being a government staff, but, like many Balinese women, she lets her husband to open a credit account from the LPD because her own income is focused on household expenditures like in Aydi's case.¹¹⁷ On top of that, Maria is also responsible for any expenditures related to the household's daily rituals (e.g. fruits, rice, banana leaves, flowers, etc.), and prepare for parcels (usually contains rice, noodle, and a bag of sugar) to be brought during neighbors' ceremonies. Maria explained:

Other people she knows usually take up a loan from an LPD to fund grand scale rituals like cremation and wedding, which she admitted as less productive and bears a great risk of credit default.¹¹⁸

Penny, who was a housemaker in the earlier years of her marriage, established a small-scale organic fertilizer business in 2005 together where she acts as the company's manager. This business was built together with her husband. In the beginning, they only had two cows and now they have more than 2 dozen cows to produce up to 4 tons organic fertilizer per day. Driven by a relatively easy access to gain loans from the LPD, they decided to fund their business start-up using the LPD's credit scheme although in the later years LPD's loans become more and more insufficient. The business then funded using loans from general bank until today. In her opinion,

While being an LPD client also means contributing to the village development, she admitted that her business will not be growing as big as today if they are still relying on the LPD as the sole source of credit.¹¹⁹

Penny further provided me with more additional information:

Two LPD's limitations according to Penny are its limited credit size and area of service. Nonetheless, she acknowledged that the LPD Klating was essentially initiated to ensure

¹¹⁷ Appendix C (009poMaria)

¹¹⁸ Appendix C (010poMaria)

¹¹⁹ Appendix C (007poPenny)

that everybody in the village is being served and has equal access to a local community owned microfinance.¹²⁰ I observed that their business runs very well, continues providing work opportunities for the local and non-local people, and has been chosen by the government of Bali to be the partner for producing subsidized fertilizer.

All in all, LPDs' roles to four women being studied are strongly related to a combination of intra and extrahousehold factors such as women and spouse's occupations, scale of the businesses, and whether the LPDs have the capacity to provide a higher credit limit. Further, none one of these four women expressed any disappointment or resentment with the fact that they cannot act on her own in regards to applying for loans from LPDs, nor they show disagreement that they are also evenly responsible in the case of credit default. Although the economic factors are important, they are not unique determinants of these women's social mobility; nor do they operate in a simple way.

6.4. Intergenerational impacts

6.4.1. The law of karma

The Balinese Hindus affirm the principle of karma phala, conversely means what goes around comes around. The belief is one's past karma can be "corrected" in the present and future times by doing good deeds and acts of piety. Furthermore, the law of karma supposes that the results of one's deeds do not apply only to oneself, but also to one's descendants (Suryani, 2004). This vertical relationship forms reciprocal psychological and physiological connections between the ancestors and the worldly beings within the same lineage. Despite the fact that karma law may evoke the feeling of great remorse due to past misdeeds, it helps someone to accept life circumstances with a levelheadedness (Gupta, 2011).

¹²⁰ Appendix C (008poPenny)

Balinese Hindus often speak of dharma, artha, kama, and moksa as the four aims of human life, or catur purusharthas, that are supposed to be achieved by every person in order to have a full life. Dharma comprises aspects such as religion, morality, social obligations, and duty; Artha refers to political power, money, and success; Kama is desire and pleasure; Moksa refers to the state of being relieved from the eternal cycle of rebirths (Doniger, 2016).

During a series of interviews with observed participants, karma and catur purusa arthas were cited frequently when they speak about life principles that influence their acts and thoughts every day. Each of them explained that obligations in all sort are a concrete realization of dharma, which are the medium for good deeds. The thin line between religious and secular world in Balinese society makes it even more difficult to distinguish if a certain act is motivated by piety or other things. The examples are as follows:

For Maria, paying her loans in full and in timely manner is something that is very crucial because she wants to avoid penalty and high interest rates (refers to worldly obligation) and most importantly is to fulfill her obligations as a human being. Complying with social moral obligations also is intended to avert any moral sanctions, proclaimed as saving for a good karma for a better life in the future. In her village, moral sanctions are binding and may be extended to the whole family. One's foul attitudes could affect everybody in the family directly and indirectly. Hence, Maria and her credit guarantor attempt to always be accountable and keep their record clean by making sure that all loans from the LPD are paid off, that also serves the purpose to secure access for future credit.¹²¹

Penny, on the other hand, did not see social obligations as enforceable and mandatory. She used an alternative route that is quite common in her village by paying a certain amount of

¹²¹ Appendix C (011poMaria)

money to the village to pay off her absence from communal activities. By doing so, Penny is able to balance her social obligations and household duties. Further, she asserted that individual obligations with an LPD and social obligations to the whole community are two separate spheres that cannot be used to value one another. One can have a relatively minimum contribution to the community, but is able to fully comply with the LPD's regulation, could be freed from social sanctions. However, she agreed that loans are meant to be fully paid off.¹²²

Interestingly, an interview with the head of an LPD in Tabanan area revealed that in order to operate financially and institutionally proper, the LPD relies on the enforcement of social penalties to complement the monetary penalty.¹²³ Social penalties vary from one village to another and are usually available in written¹²⁴ to be used as a guidance for everybody in the village. An example of a social penalty is when a household is formally prevented to receive any helps from the village associational groups when holding a religious ritual, which means significant in Balinese society. The LPD's manager admitted that social penalties are successfully keeping the LPD's relatively low non-performing loans and high repayment rate.¹²⁵ However, sanctions are only operationalized under the supervision of the village's apparatus and may be informed to the whole community members during the general assembly meeting.

6.4.2. Social and moral consequences of over indebtedness

None of the four women have ever had problems with over indebtedness because they managed to repay and close their credit as scheduled.^{126,127,128,129} The problem of having too

¹²² Appendix C (009poPenny)

¹²³ Appendix D (004ssM_LPDM)

¹²⁴ Known as *perarem*, extended sections of the main customary law.

¹²⁵ Appendix D (005ssM_LPDM)

¹²⁶ Appendix C (010poPenny)

¹²⁷ Appendix C (013poSea)

¹²⁸ Appendix C (012poMaria)

¹²⁹ Appendix C (011poAydi)

much debt in micro lending, however, also is prevalent in LPDs like in many microfinance practices. V.S. Kulkarni (as cited in Yeboah et al.,2015) finds that compounded indebtedness among poor clients causes more severe level of poverty, increases level of suicides among men and women clients of microfinance institutions or MFIs (Taylor, 2011), escalates tensions among members of group-based microlending that may affect the group's liability to receive another loan (Woolcock, 1999). Moreover, the compounding debts compels the MFI clients, especially the marginal farmers and landless labourer, to forgo household consumptions and in the worst case suspend children's educational needs (Fernando, 2006; Walker, 2008).

Besides some quantifiable consequences from a credit default such as losing assets used for collateral or diverting family's savings from its original purpose to pay the debt, a commitment from receiving loans from an LPD also brings some socio-cultural incriminating intergenerational consequences. For example, if due to over indebtedness, someone has to be excommunicated or expelled from a village, the punishment applies to everybody in the debtor's core family. Given this, those in the debtor's lineage are punished for something that they might have not be part of. This model of punishment remains one of the most powerful tools to ensure community members' compliance to the village in general and LPD specifically.

6.4.3. Moral effects of the credit co-warranting technique

LPDs in Bali have used the credit co-warranting mechanism not only to ensure repayment, but also to minimize unpaid credit. I suspect that this mechanism has great potential to create intergenerational impacts especially among male descendants, an issue in microlending that I believe has not yet been studied sufficiently. I will start with a story told by Sea about one of her experiences in accessing loans from the LPD.

After her husband passed away, Sea became more aware that her options for financial access might be more limited than before. Hence, in order to manage the household's outstanding loans from the LPD, she decided to have her only son replace her husband's position as a credit co-guarantor. Fortunately for her, her son is able to be a co-guarantor and use his employment in a hotel in Kuta area as a strength. As of late 2018, their long-term loans had been paid in a timely manner, leaving only a few more years of installments.¹³⁰

Moreover, the inheritance law that favors male offspring gives Sea's son a better bargaining position in terms of the asset ownership. Consequently, this shared responsibility puts the next generation in the lineage, especially sons, at risk of having a bad credit history in addition to a moral sanction discussed in the previous section when they default on credit. Daughters, once they married, will be less likely to be the subject of such consequential social punishments because they now belong to their husbands' families. Although, they might still be involved in helping their families financially. This impact in general is moderated if the co-guarantors have access to another financial institution inside or outside the village, which this study did not focus on.

6.4.4. The intergenerational economic benefits of LPDs

In addition to three impacts explored above, my dissertation also argues that there exists a strong relation between the access to a community-owned microfinance with the economic betterment of the clients. The mechanisms are as follow:

LPD provides a seed funding for Penny's organic fertilizer business. Although after a while Penny and her husband decided to scale up their investment using loans from other financial providers, Penny is able to maintain a good business performance and use the profit for a more

¹³⁰ Appendix C (014poSea)

rewarding purpose. Two of Penny's children are currently pursuing a degree from universities in Australia and Canada without relying on any scholarship or assistantship. In line with Penny, Maria used credit from an LPD to start a photocopy machine although in the later year her business did not go well. However, she managed to allocate her business profit for her family livelihood and most importantly to send her children to a medical school.

From a slightly different vantage point, Sea described that wealth is one thing, another thing is to be able to fulfil her obligation as a parent by hosting a proper wedding ceremony for her only son. For this reason, Sea is willing to take up a big amount of loan from an LPD because she is quite sure that all her home business will always be profitable. Whereas for Aydi who uses LPD's credit to support her dancing studio has earned not only economic benefits but also a reputable status as the best dancing school in her area. Her eldest son, who is also a dancer, is now able to earn an income from being a dance and traditional music instrument teacher together with Aydi. Given all the cases above, it is clear that LPD has a great potential to create an intergenerational impact for its clients.

6.5. Conclusions

This chapter explicates how a community financing like an LPD influences women's social mobility. Further, this chapter also investigated the long-term consequences of LPD considering their embeddedness in the society, especially in their potential to promote a shift in gendered roles and relations.

In the background, this chapter describes several main characteristics of Balinese women from the lens of four women I observed. Uniformly, they suggest that Balinese women are creative, work hard, and are devoted to their families. Balinese women are also known for their multifaceted roles in families and society that surpass some gendered roles. Beyond the

domestic arena where their contributions involve labor and finances, Balinese women are also the mainstay of most religious and ritual observances. Instead of perceiving those roles as discriminatory, they evidently are motivated by the principle of *yadnya* – sincere acceptance of various undertakings – and *karma phala* – the results of one’s actions and deeds; each motivates women to dedicate themselves fully not only to their relatives but also to those in their spouses’ family.

Between marriage and changes in job possibilities, the former entails the loss for women of communal memberships in the village and access to an LPD. However, the process of inter-village marriage itself brings new members into the receiver village, which eventually extends the market of the LPD itself. When migration is induced by the necessity to change one’s occupation, it includes the following conditions: it is aimed to achieve higher income, mostly in the short-term, and it does not require one to relinquish their village memberships. In this way, LPDs are theoretically do not lose any clients because they can always return to their original villages and use their LPD services and products.

The study found that LPDs correspond to women’s social mobility in at least two ways: women’s out-village migration, support for women’s economic attainment. The former is usually caused by intra-village marriage, whereas the latter is due to pursuing careers working outside their villages. In either case, social mobility is positive for LPDs; migrating to another village in the island will not reduce an individual’s ability to access this model of community financing. In other words, their access to LPDs are socially and culturally secured. Only if someone converts to another religion or chooses to leave the island permanently is this right is completely annulled. From the LPDs’ perspective, there is no evidence that women’s mobility has negative effects on

the LPDs' profitability. However, the study also found no evidence that LPDs positively contribute to the development of women's professional networks outside their villages.

In examining intergenerational impacts of LPDs, this study found four determining aspects. First, fulfilling obligations to repay loans is equal to saving for a good karma. Second, over indebtedness may cause some serious social and cultural consequences to the other members of a debtor's family, for example if a debtor is being expelled from a village due credit default. Third, the co-guarantor mechanism that requires an applicant to include one additional person (preferably a male) during the credit application process put members of the next generation in the lineage at risk to pay any debt default. Fourth, the capacity to use LPD's loans for income generating activities allows families to provide not only a better education, but also a better social status for their children.

CHAPTER 7: CONCLUSIONS

This chapter summarizes some common themes in the research, discussing its significance and contributions to literatures in gender studies, international development, and community empowerment. This study demonstrates an example of communal financing as an alternative to the widely known Grameen model, its socio-cultural context and the roles for women's empowerment. Only a few studies have been done on this topic, which offers a combined analysis of community capital, gender dynamics, social mobility, and economic development through microfinancing. More broadly, the study contributes to understanding how community financing might be seen as a sustainable model of microfinance while promoting gender equality.

The chapter is divided into five sections, each of which represents the main discussions of this study. In the first section, the elements of social capital within the Balinese society are discussed, and it is argued that between social capital and Lembaga Perkreditan Desa (LPDs), there exists an intricate connection that helps sustain the two.

The next section focuses on the intrahousehold decision-making model found in the studied households. Combining in-depth interviews with participant observation, the analyses focus on providing empirical findings surrounding the ways individuals in a household decide on the distribution of loans, division of labors, and the control over finance. The empirical findings provided in this section extend the debate about the applicability of the cooperative or bargaining model.

The third section focuses on the impacts of community financing towards women's social mobility and whether there are intergenerational impacts. That section is followed by a section about the future prospects of LPDs, research implications, research limitations, and policy

prescriptions. The section closes by considering a question: if the LPDs have long-term effects on the reconstruction of gendered roles and relations.

7.1. The communal nature of LPD

LPD is the true definition of a community-owned microfinance institution for several reasons. First, it is developed by a customary village to provide services only for its members. Second, LPD relies on internal money mobilization without using external funding from donors and/or government. Third, LPD is regulated by a set of communal laws that also governs the conduct of community members. Fourth, besides microfinancing, LPD gives back to the community through social funds, helping to reduce costs of various communal initiatives. Given those characteristics, this study found trust as a dominant trait that sustains community-owned microfinancing. To further this argument, trust is conceptualized as a reciprocal relation between the LPD and the people. Although it is very common to perceive that people's trust is important for the sustainability of a financial institution, especially a community-owned one, this study also found that LPD fully trusts the people it serves for its survival. The extent to which each of the characteristics mentioned above impacts the members of the community, especially women, will be further discussed in the following sections.

7.1.1. Measuring “embeddedness” in communal financing

This research utilizes the depth of semi-structured interviews and participant observation to delve into various qualitative and subjective variables that construct a community-owned microfinance institution such as LPD. Hence, this study goes beyond simple statistics in order to fill the gap of unveiled tacit variables (e.g. norms, customary laws, and communal consensus) that may have significant influences to a certain case. In addition to explicating the ways in which social capital generates microfinance institutions, this study delves into the question if

microfinance as a way to generate and strengthen community capital (Sanyal, 2009; Anderson et al., 2002; Mafukata et al., 2017), the issue that has not yet been considered as critical as the other one. I argue that microfinance institutions, especially those that are community-owned, indeed facilitate the emergence of community capital.

Studies argue that social capital gives rise to an organized societal action like microfinance by utilizing solidarity, collective consciousness, and reciprocity among people to replace some burdensome monetary requirements (Feigenberg et al., 2009; Rankin, 2002; Basergekar, 2010). In Bali, social capital is the foundation of almost all communal activities and institutions, from religious to economic. LPD is not an exception. In doing its daily practice, LPD relies on shared capital and social relations while facilitating people's economic endeavors. By discussing the extent to which LPD affects and is affected by social capital, this study sheds light on the issue of embeddedness where people's commercial exchanges are influenced by existing social ties.

To start, this study found several mechanisms through which social capital affects LPD. First, LPD is built as an integral part of the village governance system which entails the same foundation that also governs the society. As a result, community members trust and respect the LPD. By utilizing LPD, the community members believe that they are involved in strengthening the local economy and social life. Second, incorporating communal laws into the LPD's practice has been shown to be one of the ways to reduce credit default. This is because customary laws create more social pressures and moral consequences to those who are not fulfilling the obligations to the LPD. Third, LPD utilizes the general assembly meeting to disseminate all the information pertinent to LPD. This method is considered more effective than holding a separate meeting because a general assembly meeting is not only gathering all adult members of the

village, but also discussing broader matters related to the village. Fourth, LPD may compromise some safety banking mechanisms because the members trust the management for their honesty. In addition, members develop a strong sense of belonging and shared responsibility for the development of their very own financial institutions. Lastly, the village's voluntary groups strengthen LPD's social purposes by allocating a portion of its social fund through these associations. Youth groups and women's groups are two among many groups that commonly exist in each customary village. They provide traditional music lessons, leadership opportunities in temples, and education in health and reproduction issues to all of their members. Often, each group represents the village to compete with other groups at the provincial level on topics in which the group has performed well. Here is where the LPD channels a portion of its social fund on a regular basis.

As I have mentioned previously, this study enriches the empirical findings about the role of microfinance to the formation of social capital in a given society. As a community-owned microfinance, LPD in Bali is connected economically, socially, culturally, religiously and even emotionally with the people of Bali. The extent to which LPD generates or facilitates social capital is as follows: first, LPD's credit application criteria advances members' interdependency and trust to one another. In this communal lending, one of the ways to ensure a full credit payment is by inquiring each credit proposal to have a credit guarantor to "support" the applicant. A credit guarantor can be anybody with blood or marriage relation that an applicant can trust or depend upon. In a spousal relationship, the obvious power and gender dynamics often occur because the husband is generally the applicant, whereas the wife is the guarantor. However, this study demonstrates that this logic does not always hold and positions of the sexes may change (e.g. wives are credit applicants and husbands are credit guarantors) for pragmatic

reasons. LPD does not consider such an exchange of roles as problematic unless one or both spouses are known for having bad credit histories. Second, using the LPD's services and products induces the members' sense of belonging and responsibility for community development. The members are well aware that LPD is obligated to give back to the community. Third, using general assembly meetings to disseminate information increases LPD's trustworthiness because it is expected to disclose as much information as possible in front of the assembly. In addition, the appointment of the village chief to be one of the LPD's internal supervisors aims to anticipate fraud in the LPD.

This study identified two gender-specific features of social capital which in each circumstance has failed women to gain the agency they deserve. First, within the context of being credit co-applicants, women remain dependent on male relatives or offspring to be able to access the LPD's loans due to the lack of asset ownership. Provided that loans are given on an individual basis, there is no evidence that women members may pressure other women to comply with the LPD's regulations as in the case of solidarity funding. This finding does not support critics who claim microfinance practice creates an environment of hostility and coercion among the recipients. Second, women continued to have limited agency in general assembly meetings, as invoked by a shared norm that the meeting is men's sphere. Given this phenomenon, there is not enough evidence to support that LPDs may challenge the existing gender division of labor and power in a communal setting like a general assembly meeting.

7.1.2. Does community financing empower women?

In an attempt to answer one of the most important research questions that this study sought to address, the following examines whether women's status and position in society have been affected by the presence of community financing.

LPDs reconfigure women's agency in the workplace in several ways. First, female employees form 50% of the LPD's total employees. Second, female LPD staff hold various positions in the LPD ranging from manager to front liners. Third, female staff are trusted to perform more challenging tasks than their male counterparts given the women's perceived traits, such as being patient, hard-working, honest, and persevering. In addition, the LPD provides financial support for women's groups in the village. Through these groups, women are able to take leadership roles, develop social networks beyond kinship, and earn income. Given these, community financing promotes women's empowerment.

Nonetheless, as a researcher, I am aware that unbalanced gender dynamics remain prevalent. The task of this study is to unveil those matters for the betterment of LPDs in the future. First, I noticed that putting women as the most reliable credit guarantors for their husbands does not give women the full agency; instead, it puts them in a risky condition especially when the loans are unpaid. When the condition is reversed, women are not given the opportunity to support other women; instead, the arrangement increases women's subordination to men. Furthermore, female LPD managers face greater challenges of gendered power relations compared to male managers internally and externally when they communicate with their clients and with village leaders, the LPD's most important counterparts.

7.2. The bargaining model of decision-making, credit allocation, and control over resources

Theoretically, there are two general models of intrahousehold decision-making and resource allocation – unitary and bargaining – that have been used in various studies observing microfinance's impacts on women's status and position in the household. This study specifically contributes to a significant gap in the literature by providing evidences of the bargaining intrahousehold decision-making model, its relevance, and mechanism. The four women

experience this model of decision-making differently although all of them showed similar attitudes and reactions toward a certain context in the intrahousehold relationship with their spouses. I observed that the women tended to be very modest, simplistic, and unassuming when it came to pursuing their own agency. The Balinese culture, the principle of yadnya or a sincere sacrifice and service, reinforces women to be self-effacing. Nevertheless, there is an appealing fact that these women are actually fully aware of their power in decision-making both in the household and society, and this power is palpable. This study found that women do not perceive LPDs' requirements as discriminatory and are mostly able to manage, if not fully control, the use of the loans. All the observed women accepted the condition to be credit co-guarantors although the initiatives were actually coming from them. The main reason for this strategy is because of their husbands' full-time permanent occupations. Interestingly, there exists a domain where women's position and agency are dominant in and outside of their households, which is religious observances. Within this sphere, any ritual related expenditures and executions at any level are usually ruled by women, while men control several broader aspects such as date selection, infrastructure development, and resource management to name a few. Moreover, given that ritual observance is a major aspect of people's day to day lives, it is very common for households to fund bigger scale ceremonies using loans from LPDs.

7.2.1. What does the bargaining decision-making model look like?

The study found features of a bargaining intrahousehold decision-making process in the following forms: 1) shared family goals – deeply influenced by the belief in karma phala – guide everybody's labor provisions in the family, 2) shared goals determine every member's income contribution to the family, 3) each woman observed had the ability to manage and control the use of resources available for their households while also allowing any final decisions to be the result

of a collaboration with her husband or other family member; 4) each woman managed the pooled income responsibly to fund household needs; and, 5) little gender-based division of labor appeared and role switching was common; 6) with women's abundant roles inside and outside the house, their domestic tasks are somewhat moderated.

In relation to women's access to community financing, the first character of bargaining model in all three households in relation to LPD is the possibility for spouses to exchange roles between being an applicant and a guarantor. This role switching is in fact in favor of the LPD's final decision if the household is granted a loan or not. Practicality was a dominant reason for spouses to bargain and take the position that will benefit the family in general. Second, as a spouse, Balinese women are almost always going to be consulted by their husbands/sons in regard to any financial decisions related to the LPD. However, it is also common that after the first successful loan repayment, the LPD's requirement will be somewhat moderated. Second, Balinese women are the financial expert of their households. Accessing loans from an LPD may give them secondary position, but in all cases, the wives are the ones who make sure that loans are well allocated. Their responsibilities include controlling how the loans are used, managing the monthly payment, contributing to the monthly installment, making sure that the household is not involved in any risky activities, and allocating the family income so that all pre-existing household consumptions are consistently funded.

7.3. Measuring the future of LPDs

Questioning the future of microfinance is one important aspect of any study about this emerging institution; however, asking the way we can measure that would be another crucial element that this study also attempts to achieve. There are two ways that my study specifically proposes to measure the future of microfinance, especially the community-owned ones, if a

microfinance institution affects women's social mobility and if there exists intergenerational impacts from being a microfinance client.

7.3.1. Evidences of women's social mobility

The study found that LPDs correspond to women's social mobility in two ways: first, in leading to women's out-village migration, and, second, in supporting women's economic attainment. The former is usually caused by intra-village marriage, whereas the latter is due to working outside of villages. In either case, social mobility corresponds with the LPDs in a positive way because migrating to another village within the island will not reduce one's privilege to access this model of community financing. In other words, women's access to LPDs are socially and culturally secured. Only if someone converts to another religion or chooses to migrate from the island permanently is this right completely annulled. From the LPDs' perspective, there is no evidence that women's mobility has negative effects on their profitability. However, the study found no evidence that LPDs positively contribute to the development of women's professional networks outside their villages.

7.3.2. Reinforcing intergenerational impacts

Based on my findings, this dissertation shows that LPD causes intergenerational impacts to the Balinese people, especially through women's involvement in the lending and savings process. In measuring the intergenerational impacts of LPDs, this study found four determining aspects where women are related to all of them. First, having good karma is the major influence for the LPD's clients to fulfill their obligations. A strong hold on the law of karma also benefits LPD when it comes to minimizing the risk of non-performing loans. Second, over-indebtedness may cause some serious social and cultural consequences for those who are not directly using the LPD's products, hence, repaying the loans are unarguably pivotal. Third, due to the co-guarantor

mechanism that requires an applicant to bring one more person (male figures preferably) during the credit application process, this may put the next generation in the lineage the risk to pay the burden of debt default. Furthermore, the burden of this mechanism is greater for male offspring compared to female because sons are not expected to not leave the family after marriage. Fourth, there is a strong interrelationship between the access to a community-owned microfinance with the social and economic betterment of the clients as shown by their children's level of education that is relatively higher than the parents, the capability to hold the appropriate ceremonies for their children, and the capacity to provide a source of employment and income for their children.

7.3.3. Future prospects of LPDs

It is clear that in order to function well, LPD should not only be a part of the pre-existing customary village system, but also rely on the communalistic values and culture that are collectively upheld by all members of the village. Considering those ties, the following provides further exploration on the future prospects of LPD from several perspectives. Furthermore, this study also expects to relate the practice of LPD to wider literature and debates regarding microfinance's contribution to development. The LPD's outlook is as follows:

Social capital such as mutual trust, solidarity, and embedded social networks will help the LPD to lower transaction cost and manage risk, ensure labor supply, and maintain lasting relationships with clients while serving social purposes. On the other hand, LPD also strengthens community's shared capital by facilitating activities that nourish the members' solidarity and partnership. Aligned with that result, Anderson et al. (2002) who found an important connection between a microcredit scheme with common pool resources, also argued that the created social capital may lower the cost of collective action and managing common pool resources.

The requirement to have a personal loan guarantor may be a substitute instead of a supplement for physical collateral requirement, which is usually very complicated for small loans applicants, especially for female clientele who are lacking in valuable assets. Uniquely, the strong kinship among people makes it relatively easier to have somebody in the lineage to be a co-signer. Hence, LPD can always rely on this special characteristic of Balinese society, especially in serving poor households.

LPD is mostly popular for its savings product that causes a problem of idle money due to low credit disbursement level. This situation pushes LPD to either set a relatively high loan interest rate to cover the cost from high savings rate or unlawfully expands its services to non-Balinese and non-direct members of a customary village in which LPD operates. I argue that a product development education for LPD management must be initiated to help them create various lines of products that fit with the LPDs market. By doing so, the LPD model will avoid problems that are commonly found in group-based microfinance practices such as loose client screening, hard-selling, an intense pressure on women clients to push repayment, and lack of productive loans, to name a few (Maitrot, 2014).

A coordinated supervision by various LPD associations (e.g. Lembaga Pemberdayaan Lembaga Perkreditan Desa, Badan Kerja Sama, and Pembina LPD Kabupaten) at municipal and provincial level and by all community members, supported by a provincial level regulation, minimizes the case of practice or mission drift driven by microfinance's commercialization (Woller, 2002; Christen, 2001; Mersland et al., 2010). Further, the higher the LPD's profit, the higher its social contribution for the overall community.

As each LPD is organically grown from, by, and for all members of a customary village, LPD is required to be financially independent from any external funding resources. This excepts

the seed funding provided by the government of Bali Province for the development of a new LPD. This scheme obviously curtails one of the criticisms that claims microfinance as a development intervention tool steered by major donors from developed countries. Also, LPD has the freedom to design its business practice suitable with the needs of its own people, and most importantly, to return its outcomes to the society without undermining the importance of internal and external supervision.

The mandatory allocation of LPD's profit for communal activities (or generally called social funds) have some long-term impacts on three aspects, namely, the highest repayment level, the increased members' loyalty, and the sustainability of LPD's business. Moreover, the practice of LPD also demonstrates that combining secular (i.e. financing) and religious activities into the practice of microfinance is possible. This unique collaboration also largely supports the LPD's financial and social performances.

Although it is clear that LPD benefits all community members regardless their social and economic status by providing funding for the members' social activities, its real capacity to enhance the lives of those in the bottom of pyramid economically still needs further investigation. For that reason, I propose that LPD provide more flexible financial products and services in terms of the fees and interest rates.

LPD should focus more in providing productive credit for income generating activities instead of giving loans for consumption and/or to fund any religious ceremony. Several benefits from doing so include increasing the LPD's profit, creating multiplier effect for local employment, and providing more stable and reliable wages for poor households.

This study found no evidence that LPD's clients face pressures from external agents including peers and LPD officers when they are no longer using the LPD's products and

services. This is unlike many cases found in group-based microlending where the use of informal malpractices by microfinance staff in order to push clients' repayment or gain extra incentives are prevalent (Ghate, 2007; Rahman, 1999), the management of LPD tend to use more personal approach in settling problems. This is due to the LPD's employees often share the same village membership and social obligations with their own clients. Given this, local recruitment is still the best resource for employment for LPD to sustain their financial and social performance.

LPD must provide business trainings for their small entrepreneurial clients, especially female entrepreneurs, as one of the ways to boost credit absorption. Studies conclude that business development training not only empowers microentrepreneurs but also improves microenterprises performance (Edgcomb, 2002; Dumas, 2001). Trainings also help to prevent small businesses that are operated by less experienced businesswomen/men to fall into a debt-cycle that eventually will hurt LPD's performance in general. To support this initiative, LPD's interest caps must be regulated, integrated client information should be created, and a credit guarantee scheme for all credit distributed by LPDs must be initiated.

LPLPD or LPD training institution is the only institution that is currently responsible to hold any LPD related trainings and is funded collectively by all LPDs. LPLPD plays a pivotal role in providing regular, professional, and free trainings for all LPD staff. In addition, training could also be an avenue for LPD staff to develop their professional networks. Studies found that a market-based approach to microfinance can endorse minimal staff training (Maitrot, 2012) that with an integrated system as LPLPD, this problem can be curtailed.

7.4. Research Limitations

Reflecting on my roles as a female researcher, I was able to interact with several key informants in LPDs and experts in some major social and religious aspects highlighted in this

dissertation. With my comprehension to the norms, values, and cultures from being a local, I could translate all the detailed information each informant gave in response to my questions. Nonetheless, more time and resources must be devoted to learning about some of the already known, and most essentially, the unknown, localities, norms and values, cultural practices, decision-making process, and politics of the studied society. Another limitation of this study is because I only interviewed the wives without involving their husbands or other family member. In addition, a larger sample size will benefit this study greatly.

7.5. Research Implications

This dissertation brings several methodological and empirical implications. First, it extends the applicability of participant observation to collect data in a qualitative based research. In addition, this study shifts the focus from the general and broad view of microfinance data (mostly presented as statistic of quantitative variables) into a more grounded subjective analysis driven by the investigation at the household level. This method calls for a better examination as it humanizes the research process and allows the exploration of tacit variables that other methods do not offer. Previous studies in microfinance mostly focusing on the case of popular forms of microfinance institutions (i.e. group-based and/or solidarity group model), this dissertation specifically is one among only very limited studies in community-owned microfinance institutions. Lembaga Perkreditan Desa (LPD) is also a distinctive representation of a communal microfinance model that will broaden the readers' understanding toward the microfinance phenomenon.

Second, as a Balinese myself, my comprehension to the cultures and values of the communities benefits this study in every phase from data collecting into the conclusion drawing. As Brau (2004) argues that the variability of research findings regarding the impacts of

microfinance suggests that research in this topic should be highly context specific. Further, cultural similarities and the capability to speak in the local languages give me a great level of flexibility to explore several aspects that I believe to be influential to the overall study.

Third, my dissertation also experienced classical challenges in finding the “right” respondents considering the data collection method I used. I found that understanding the source of challenges is more important than the challenges themselves because then that would motivate me to reflect on my approach and change it if necessary while also gaining a better understanding about the studied community.

Fourth, this study specifically offers an enrichment to the concept of social capital by providing a reciprocal analysis between microfinance and social capital in one study, instead of choosing one relation over the other (Rankin, 2002; Sanyal, 2009; Anderson et al., 2002; Feigenberg, et al., 2016). Besides some common indicators of social capital such as positive level of trust and interpersonal relationships, social network, and solidarity among members, this study also discovers various mechanisms through which microfinance correlates with social capital. These include the integration of secular and religious aspects under the same governance system, shared regulation in the form of a communal law, democratic decision-making process, formation of non-formal solidarity groups, increased interdependency among members, strengthened sense of belonging, and sense of responsibility toward community development. Moreover, this study also found two factors that produce negative levels of social capital such as women’s dependence on male relatives/offspring and their limited agency in general assembly meetings.

Fifth, my study also adds empirical findings in regards to the impact of loans and loan access toward gender relations at the household level. Studies in this issue lean toward the

applicability of bargaining or cooperative model to show the extent to which loans influence women's status and position in their household.

Sixth, another major contribution of this study is the introduction of social mobility and intergenerational impact study into a concept of microfinancing, two important matters that to the best of my knowledge are yet studied or at least published in academic journals. Specifically, this study focuses on evaluating the intergenerational social mobility impacts of microfinance toward women. Previous research that measures intergenerational impacts and social mobility clearly shows that data analysis can only be done using a big data set (i.e. hundreds to thousands of samples) such as general social survey data (Beller, 2009; Kochar, 2000) and/or a census data (Foote et al., 1953). Considering the size of the samples and time frame of this study, my dissertation does not attempt to promote similar generality; however, it still contributes to the preliminary composition of variables for future studies in these topics. This study found that community-owned microfinance may influence social mobility through inter-village migration, marriage, and economic attainment. In measuring the intergenerational impact, there exists a relationship between the practice of communal microfinancing with positive credit repayment, higher probability for parents to send their children to school, and improved quality of life among the credit recipients. More specifically, this dissertation highlights the role of karma law, a shared communal value that is strongly upheld by all community members, in intensifying such interrelationships.

7.6. Policy Prescriptions

Microfinancing has emerged as a way for various formal and informal financial institutions in Indonesia to serve the so called “unserved” and “un-bankable” population that simply refers to those with less access to productive assets for economic betterment. A portion of

this is women. In many places in Indonesia, including Bali, opening up access to formal and affordable financial services through community-owned microfinancing model like LPD, especially for women, has various positive consequences. Women are not only able to start income generating activities, earn financial independence, send their children to school, improve family well-being, extend their networks beyond domestic sphere, but also to gain their agency both in household and in society.

Based on my findings, community owned microfinance model is considered as a better alternative to any other forms of microbanking and for LPD specifically, it could be a desirable microfinance model for societies with similar socio-economic and cultural structure as the Balinese society. Moreover, the communal features of LPD that are derived from the organic needs of the community members to sustain their ties by embedding their economic activities into the existing social ties, make the LPD system a desirable model to be applied even in a completely different social setting. My argument is based on the same belief that existing social ties influence people's interactions even when their behaviour is fully governed by rationality.

As Granovetter (1985) explains:

“Actors do not behave or decide as atoms outside a social context, nor do they adhere slavishly to a script written for them by the particular intersection of social categories that they happen to occupy. Their attempts at purposive action are instead embedded in concrete, ongoing systems of social relations” (p. 487).

LPD is a desirable model for future microfinancing system for several reasons: first, this model advocates for a total reliance on the community's capacity to thrive and be completely independent from external donors. In my opinion, this setting can potentially curb any political and economic intervention from external parties toward the operationalization of the microfinance institution itself. Second, a communal model of microfinance allows the integration of the community's shared values and norms that are essential for sustaining the social and

financial performance of the institution itself. Third, it is not only focusing on achieving a sound and sustainable financial performance, but also in improving the well-being of all community members that it serves. Fourth, as a model, LPD system could also work in a different cultural context and social setting. Nonetheless, considering its simplicity, several adjustments in risk management, internal and external supervision, banking technology, and loan guarantee system to accommodate the growing economic transactions are needed. Fifth, as a development program, it is also pivotal to understand that LPD alone is not the sole answer for the relentless challenge of community development and poverty reduction. An integrated effort that gathers community's resources and all potential embedded in it are needed.

The problem of unbalanced gender relations will remain regardless the model of the microfinance itself. This is due to some gendered norms already ingrained for so many years into the life of the society. It takes more than microfinance to transform the unjust to a more just gender relations in all spheres of life. Nonetheless, to be context specific, Lembaga Perkreditan Desa (LPD), which is considered as the one and only thriving model of community-owned microfinance in Indonesia, has not been focusing its products and services for women. Balinese women play many pivotal roles in the society that surpass the limits of gender, not to mention their irreplaceable position in the household. Providing them with an easy access to products and services that are specifically designed for Balinese women will potentially double their capacity to contribute for the well-being of their family. More importantly, they are able to improve their agency inside and outside their households. In addition, Balinese women in general will benefit from the more flexible co-guarantor selections, that is, Balinese women must be allowed to have female co-guarantors for their loan applications to LPDs.

Moreover, evidences provided in this dissertation may be used to encourage the LPD training institution to develop a training that is specifically aimed to improve female staff's capacity in credit management and public relation.

7.7. Final Thoughts

This final section will delve into a question of whether the LPDs have long-term effects on the reconstructions of gendered roles and relations. In a nutshell, yes but it is complex. Specifically, this study concludes that although women's bargaining power may increase given their specific intra-household arrangements and society's perception toward women, their overall bargaining position remains the same across classes.

Balinese women are known for having an extraordinary position in the society given their irreplaceable roles in household and communal spheres, hence, improving their access to LPDs is an important development priority. Providing them with an equal access to LPDs will not only allow them to finance their income producing activities using their own communal financing resources, it could potentially boost the overall well-being starting from the women themselves, their families, and eventually all community members. It is clear from my discussion in the previous chapters that LPDs and Balinese women have established connections in various ways namely, first, Balinese women are guaranteed access to LPDs as long as they maintain their village membership; second, they are provided access to formal banking products and services either as an individual for saving account or through others – refer to male relatives – for loans. In the latter, women can either be the credit applicant or credit co-guarantor, which renders both relationships to be the symbol of gender interdependence. Third, LPDs provide employment opportunities for them, mostly in mid-management level. Fourth, the law of karma underlies female clients' compliance to the LPDs' rules that also becomes the key success for LPDs' low

non-performing loans. Lastly, Balinese women have enjoyed a certain level of support from LPDs through their association to social groups.

Besides those established relationships, there are several other things that must be advanced (and/or initiated) in order to improve LPDs' contribution to women's empowerment. First, adjustments in the local inheritance law should be followed by more flexible lending requirements. With the new law, daughters are given a portion of the family inheritance that could potentially give them a stronger bargaining position when accessing loans that require collateral. Second, there is a lack of financial products and services for female entrepreneurs even though they make up almost all small businesses in Bali. Third, more women are supposed to be represented in the LPDs' higher management level given their work ethic. Lastly, more flexibility in selection of co-guarantors for female credit applicants. In other words, women should be given the freedom to choose their co-guarantors regardless of the gender.

Combining the already accomplished aspects of LPD with the outstanding ones will contribute to the mission of transforming LPDs into communal financial institutions that aim to not only advance the livelihood of its members collectively but also individually. Specifically, LPDs could pave the way to establish long-term effects on the reconstructions of gendered roles and relations in the household and society.

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However, as a token of appreciation for your time commitment, your participation will be compensated (see Point VI). Furthermore, the investigator also anticipates that as a member of the society you will benefit from the findings of this study by gaining feedback about the nature of your bargaining power in the intrahousehold decision making process. Further, in the long term you may also benefit from the improved public policy focuses on broadening women's contribution in development.

V. Extent of Anonymity and Confidentiality

Non-sensitive identifiable information such as name and occupation of the participants will be collected and published as initials in the findings whereas sensitive identifiable information (e.g. the amount of savings, loans, and the assets value) will be collected but not be publicized. Respondents' identity information will not be shared with anyone else besides the researcher and they will be linked to the recordings for the purpose of report writing. Participants will be assigned codes that differ their sensitive and non-sensitive identifiable information with their responses. The codes are used by the investigator to correlate and describe the information in such a way that the respondent's sensitive information will not be attached to the final form of this study. After interviews (including the follow-up interviews, if necessary), the list of respondents' identities will be destroyed. At no time will the researcher releases identifiable results of the study to anyone without your written consent. The Virginia Tech (VT) Institutional Review Board (IRB) may view the study's data for auditing purposes. The IRB is responsible for the oversight of the protection of human subjects involved in research.

VI. Compensation

Should you agree to participate in this study, you will be compensated a gift card, in a form of redeemable voucher at their local cooperatives, at the end of interviews.

Each participant will be compensated a gift card with total value \$100 for ten completed interviews (\$10/interview). If you completed less than 8 interviews, your will earn \$10 times the number of interviews. If you completed 8 interviews or more, you will earn a maximum \$100 gift card.

VII. Freedom to Withdraw

It is important for you to know that you are free to withdraw from this study at any time without penalty. You are free not to answer any questions that you choose or respond to what is being asked of you without penalty.

Please note that there may be circumstances under which the investigator may determine that a subject should not continue as a subject.

Should you withdraw or otherwise discontinue participation, you will be compensated for the portion of the project completed in accordance with the Compensation section of this document.

VIII. Questions or Concerns

Should you have any questions about this study, you may contact one of the research investigators whose contact information is included at the beginning of this document.

Should you have any questions or concerns about the study's conduct or your rights as a research subject, or need to report a research-related injury or event, you may contact the VT IRB Chair, Dr. David M. Moore at moored@vt.edu or (540) 231-4991.

IX. Subject's Consent

I have read the Consent Form and conditions of this project. I have had all my questions answered. I hereby acknowledge the above and give my voluntary consent:

_____ Date_____

Subject signature

Subject printed name

(Note: each subject must be provided a copy of this form. In addition, the IRB office may stamp its approval on the consent document(s) you submit and return the stamped version to you for use in consenting subjects; therefore, ensure each consent document you submit is ready to be read and signed by subjects.)

A.B. Informed consent participant observation (Indonesian language)

VIRGINIA POLYTECHNIC INSTITUTE AND STATE UNIVERSITY
Surat Persetujuan untuk Menjadi Responden Pada Penelitian yang Melibatkan Manusia

Judul Penelitian: Proses pembuatan keputusan di dalam rumah tangga dan lembaga keuangan mikro

Peneliti: Putu Desy Apriliani

putuda8@vt.edu
+6281353980707

I. Tujuan Penelitian

Penelitian ini bertujuan untuk, 1) meneliti sejauh mana partisipasi terhadap lembaga keuangan mikro milik desa berpengaruh terhadap status dan posisi perempuan Bali di dalam relasi intra rumah tangga. 2) untuk mengamati sejauh mana sistem patriarki pada lingkup yang lebih luas (contoh: masyarakat secara umum), berpengaruh terhadap status dan posisi perempuan Bali di dalam rumah tangga. Hasil penelitian akan memberikan pemikiran mengenai faktor-faktor yang berpotensi membatasi dan/atau mendorong peningkatan peran perempuan dan keterlibatannya pada lembaga keuangan mikro melalui pengungkapan aspek-aspek sosial dan budaya (yang mana survey umumnya tidak mampu menelaahnya secara mendalam) dari dua sudut pandang yang berbeda, yaitu: rumah tangga dan lembaga-lembaga sosial yang beroperasi pada masyarakat berbasis patriarki.

Subyek penelitian studi etnografi terdiri atas 6 perempuan Bali (yaitu perempuan yang lahir dan dibesarkan di Bali oleh kedua orang tua yang juga berasal dari Bali). Proses pemilihan sampel penelitian memenuhi beberapa kategori berikut: 1) status perkawinan (telah menikah secara legal berdasarkan undang-undang perkawinan yang berlaku di Indonesia); 2) keturunan (sampel penelitian dapat mencakup mereka yang telah ataupun tidak memiliki anak selama kurun waktu dilaksanakannya studi ini); 3) tinggal bersama mertua/saudara ipar (sampel penelitian dapat mencakup mereka yang tinggal bersama maupun terpisah dengan mertua/saudara ipar); 4) sampel adalah nasabah aktif LPD dan berperforma baik selama minimal 5 tahun berturut-turut.

Hasil dari penelitian ini akan digunakan untuk beberapa kepentingan seperti: tugas akhir studi doktoral, presentasi pada konferensi di tingkat nasional maupun internasional, dan publikasi pada jurnal ilmiah.

II. Prosedur Penelitian

Jika anda setuju untuk berkontribusi pada studi etnografi, anda akan diwawancara selama 1.5 jam sebanyak maksimal 10 wawancara dalam kurun waktu 2 minggu atau kurang. Wawancara akan direkam menggunakan alat perekam suara. Di samping itu, peneliti juga akan melakukan sejumlah observasi dari aktivitas keseharian anda di dalam rumah tangga dan di masyarakat (contoh: ketika terjadi upacara agama/keluarga, rapat desa, dsb.). Wawancara pertama dan/atau observasi hanya akan dapat dimulai jika surat persetujuan ini telah anda tanda-tangani. Anda tidak diwajibkan untuk memenuhi semua wawancara yang diperlukan dan anda akan tetap diberikan kompensasi yang sesuai (Lihat poin 6, Kompensasi).

Jika diperlukan, wawancara lanjutan akan dilakukan oleh peneliti. Anda akan dihubungi kembali dan persetujuan yang telah anda berikan mencakup sekaligus wawancara lanjutan ini.

Mohon diingat bahwa hanya informasi pribadi yang tidak bersifat rahasia yang akan dipublikasikan (nama akan ditulis sebagai inisial).

III. Risiko

Jika anda setuju untuk berpartisipasi, maka dapat dipastikan tidak terdapat risiko apapun yang ditimbulkan dari studi ini (dengan kata lain, tidak ada bahaya lain kecuali yang ditimbulkan oleh kondisi kehidupan sehari-hari anda). Seperti yang telah dijelaskan sebelumnya, keterlibatan anda pada studi ini terbatas pada upaya untuk menjawab tujuan penelitian ini semata, membaca dan menyetujui surat persetujuan menjadi responden, dan berpartisipasi pada sebagian/seluruh wawancara dan observasi yang dilakukan oleh peneliti. Oleh karena itu, tidak terdapat risiko apapun dari partisipasi anda pada studi ini.

IV. Manfaat

Peneliti tidak menjanjikan atau menjamin adanya manfaat langsung yang akan anda terima jika berpartisipasi ke dalam studi ini. Namun demikian, partisipasi anda akan mendapatkan sejumlah kompensasi seperti yang tercantum pada poin 6. Selanjutnya, peneliti berharap bahwa sebagai anggota masyarakat, anda akan tetap memperoleh manfaat dari temuan

studi ini berupa umpan balik terkait karakter-karakter daya tawar yang berpengaruh terhadap proses pengambilan keputusan di dalam rumah tangga. Dalam jangka panjang, anda juga dapat merasakan manfaat dalam bentuk meningkatnya kualitas kebijakan publik yang berfokus pada penguatan peran perempuan di dalam rumah tangga dan pembangunan.

V. Anonimitas dan Kerahasiaan Identitas

Informasi pribadi yang bersifat umum seperti nama dan pekerjaan akan didata dan dipublikasikan. Nama akan ditulis sebagai inisial. Sedangkan, informasi pribadi yang bersifat rahasia (contoh: jumlah tabungan, pinjaman, nilai aset, dsb.) akan didata namun tidak akan dipublikasikan.

Identitas responden tidak akan dibagikan kepada pihak lain selain peneliti utama dan akan dihubungkan sedemikian rupa dengan rekaman suara/gambar anda untuk kepentingan penulisan laporan. Setiap responden akan diberikan kode tertentu yang membedakan informasi umum dan non-umum dengan keseluruhan respon anda. Kode tersebut juga akan digunakan oleh peneliti untuk menghubungkan informasi yang diperoleh secara sedemikian rupa sehingga data yang bersifat pribadi tidak terpublikasikan. Setelah wawancara selesai dilaksanakan (termasuk wawancara lanjutan jika diperlukan), daftar identitas responden akan dihancurkan. Data responden tidak akan pernah dibagikan kepada pihak lain tanpa persetujuan anda. Institutional Review Board (IRB) Virginia Tech berhak untuk melihat data responden untuk kepentingan audit. IRB bertanggung jawab untuk melindungi subyek manusia yang dilibatkan dalam studi ini.

VI. Kompensasi

Jika anda menyetujui untuk berkontribusi pada penelitian ini (dalam bentuk wawancara dan/atau observasi langsung peneliti), anda akan diberikan kompensasi, berupa sebuah voucher yang dapat ditukarkan pada koperasi setempat, di akhir sesi wawancara.

Setiap partisipasi akan diberikan kompensasi berupa voucher yang dapat ditukar pada koperasi setempat. Jika anda menyelesaikan kurang dari 8 wawancara, maka anda akan diberikan kompensasi sebesar 10 dolar AS dikali jumlah wawancara. Jika anda menyelesaikan 8 wawancara atau lebih, maka anda akan memperoleh kompensasi sebanyak maksimum 100 dolar.

VII. Kebebasan untuk Mengundurkan Diri

Adalah sangat penting bagi anda untuk mengetahui dan memahami bahwa anda memiliki kebebasan untuk mengundurkan diri dari studi ini kapan saja tanpa dikenai penalti. Anda juga berhak untuk tidak menjawab pertanyaan yang diberikan tanpa dikenai penalti.

Terdapat pula situasi bila mana peneliti memutuskan bahwa seorang subyek penelitian tidak dapat lagi menjadi responden pada penelitian ini.

Jika anda memutuskan mengundurkan diri atau tidak berpartisipasi, anda akan diberikan kompensasi sesuai dengan bagian yang telah diselesaikan (lihat poin 6, Kompensasi).

VIII. Pengaduan dan Pertanyaan Terkait Studi

Jika anda memiliki pertanyaan terkait penelitian ini, anda dapat menghubungi peneliti di nomer telepon/email yang tercantum pada bagian awal formulir.

Jika anda memiliki pertanyaan/perhatian khusus terkait pelaksanaan studi atau hak anda sebagai subyek penelitian, atau ingin melaporkan kejadian atau cedera yang diakibatkan oleh studi ini, anda dapat menghubungi Ketua IRB Virginia Tech, Dr. David M. Moore di moored@vt.edu atau (+1540) 231-4991.

IX. Persetujuan

Saya telah membaca secara menyeluruh isi dari Formulir Persetujuan dan syarat-syarat dari penelitian ini. Semua pertanyaan saya terkait penelitian ini juga telah terjawab. Dengan ini, saya menyetujui semua poin tersebut diatas dan memberikan tanda persetujuan sebagai berikut:

_____ Tanggal _____
Tanda tangan

Nama

(Catatan: setiap subyek penelitian harus mendapatkan formulir ini. IRB dapat membubuhkan tanda persetujuan pada formulir yang diajukan dan mengembalikan dokumen yang telah disetujui kepada peneliti yang selanjutnya dapat digunakan untuk memperoleh persetujuan subyek penelitian.)

A.C. Informed consent semi-structured interviews (English)

VIRGINIA POLYTECHNIC INSTITUTE AND STATE UNIVERSITY
Informed Consent for Participants
in Research Projects Involving Human Subjects

Title of Project: The Intrahousehold Decision-making Process and microfinance
Investigator(s): Putu Desy Apriliani
putuda8@vt.edu
+6281353980707

I. Purpose of this Research Project

This study aims to observe the extent to which a participation in the community-owned microfinance institutions affect women's status and position in the intrahousehold relationship; and second, to examine how the institutionalized patriarchal system at a broader level (i.e. society in large) channeled through these institutions, affects women's status and position in the household. The findings will provide insights on factors that potentially impede as well as bolster Balinese women's involvement in microfinance by unveiling various tacit social and cultural factors (that a survey cannot serve) from two distinct perspectives, namely: the household and social institutions operating in the patriarchic societal system. For the semi-structured interview, nine subjects of the study will be made up of the following: 1) the Head of Economic Bureau, Bali Provincial Government (1 person); 2) the Director of Bali Regional Development Bank (1 person); 3) the Head of LPLPD or the LPDs' training and education institution (1 person); 4) the Head of BKS LPD or the LPDs' coordination agency (1 person); 5) the Head of MUDP or the customary villages association (1 person); 6) the Head of the LPDs (2 people); 7) the Head of PLPKDs or the LPLPD's sub-organization at the regency level (2 people).

The results of the study will be used for several fronts, including: a dissertation defense, conference presentations, professional research publications.

II. Procedures

Should you agree to participate in the semi-structured interview, you will be asked to participate in a 1.5-hour audio-recorded interview. The first interview can only be started once the consent form is signed by you. Your participation will be compensated (**see Point VI Compensation**)

If needed, a follow up interview will be conducted for further clarification. You will be contacted by the investigator and your consent to this study includes the possibility of participating in the follow up interview.

Please note that only non-sensitive identifiable information will be publicized (as initials) when the study results are presented.

III. Risks

Should you agree to participate in this study, there will be no more than minimal risks to you from your involvement (that is, no risks beyond the risks associated with everyday life). As explained above, your involvement in the project will be limited to understanding the project purpose, reading the consent form, providing your voluntary consent, and participating in several or all interviews mentioned above. Therefore, there will be no more than minimal risks involved with your participation in this project.

IV. Benefits

No promise or guarantee of benefits has been made to encourage you to participate. However, as a token of appreciation for your time commitment, your participation will be compensated (see Point VI). Furthermore, the investigator also anticipates that as a member of the society you will benefit from the findings of this study by gaining feedback about the nature of your bargaining power in the intrahousehold decision making process. Further, in the long term you may also benefit from the improved public policy focuses on broadening women's contribution in development.

V. Extent of Anonymity and Confidentiality

Non-sensitive identifiable information such as name and occupation of the participants will be collected and published as initials in the findings whereas sensitive identifiable information (e.g. the amount of savings, loans, and the assets value) will be collected but not be publicized. Respondents' identity information will not be shared with anyone else besides the researcher and they will be linked to the recordings for the purpose of report writing. Participants will be assigned codes that differ their sensitive and non-sensitive identifiable information with their responses. The codes are used by the investigator to correlate and describe the information in such a way that the respondent's sensitive information will not be attached to the final form of this study. After interviews (including the follow-up interviews, if necessary), the list of respondents' identities will be destroyed. At no time will the researcher releases identifiable results of the study to anyone without your written consent. The Virginia Tech (VT) Institutional Review Board (IRB) may view the study's data for auditing purposes. The IRB is responsible for the oversight of the protection of human subjects involved in research.

VI. Compensation

Should you agree to participate in this study, you will be compensated a \$15 gift card, in a form of redeemable voucher that can be exchanged in the local cooperative, at the end of the interview.

VII. Freedom to Withdraw

It is important for you to know that you are free to withdraw from this study at any time without penalty. You are free not to answer any questions that you choose or respond to what is being asked of you without penalty.

Please note that there may be circumstances under which the investigator may determine that a subject should not continue as a subject.

Should you withdraw or otherwise discontinue participation, you will be compensated for the portion of the project completed in accordance with the Compensation section of this document.

VIII. Questions or Concerns

Should you have any questions about this study, you may contact one of the research investigators whose contact information is included at the beginning of this document.

Should you have any questions or concerns about the study's conduct or your rights as a research subject, or need to report a research-related injury or event, you may contact the VT IRB Chair, Dr. David M. Moore at moored@vt.edu or (540) 231-4991.

IX. Subject's Consent

I have read the Consent Form and conditions of this project. I have had all my questions answered. I hereby acknowledge the above and give my voluntary consent:

_____ Date _____

Subject signature

Subject printed name

(Note: each subject must be provided a copy of this form. In addition, the IRB office may stamp its approval on the consent document(s) you submit and return the stamped version to you for use in consenting subjects; therefore, ensure each consent document you submit is ready to be read and signed by subjects.)

A.D. Informed consent semi-structured interviews (Indonesian Language)

VIRGINIA POLYTECHNIC INSTITUTE AND STATE UNIVERSITY
Surat Persetujuan untuk Menjadi Responden Pada Penelitian yang Melibatkan Manusia

Judul Penelitian: Proses pembuatan keputusan di dalam rumah tangga dan lembaga keuangan mikro

Peneliti: Putu Desy Apriliani

putuda8@vt.edu
+6281353980707

I. Tujuan Penelitian

Penelitian ini bertujuan untuk, 1) meneliti sejauh mana partisipasi terhadap lembaga keuangan mikro milik desa berpengaruh terhadap status dan posisi perempuan Bali di dalam relasi intra rumah tangga. 2) untuk mengamati sejauh mana sistem patriarki pada lingkup yang lebih luas (contoh: masyarakat secara umum), berpengaruh terhadap status dan posisi perempuan Bali di dalam rumah tangga. Hasil penelitian akan memberikan pemikiran mengenai faktor-faktor yang berpotensi membatasi dan/atau mendorong peningkatan peran perempuan dan keterlibatannya pada lembaga keuangan mikro melalui pengungkapan aspek-aspek sosial dan budaya (yang mana survey umumnya tidak mampu menelaahnya secara mendalam) dari dua sudut pandang yang berbeda, yaitu: rumah tangga dan lembaga-lembaga sosial yang beroperasi pada masyarakat berbasis patriarki.

Sampel wawancara tidak terstruktur terdiri atas: 1) Kepala Biro Ekonomi dan Pembangunan Provinsi Bali (1 orang); 2) Direktur Bank BPD Bali (1 orang); 3) Kepala LPLPD atau Lembaga Pemberdayaan Lembaga Perkreditan Desa (1 orang); 4) Kepala BKS atau Badan Kerja Sama Lembaga Perkreditan Desa (1 orang); 5) Kepala Majelis Umum Desa Pekraman (1 orang); 6) Kepala Lembaga Perkreditan Desa (2 orang); dan 7) Kepala PLPDK atau Lembaga Pemberdayaan LPD di tingkat kabupaten (2 orang).

Hasil dari penelitian ini akan digunakan untuk beberapa kepentingan seperti: tugas akhir studi doktoral, presentasi pada konferensi di tingkat nasional maupun internasional, dan publikasi pada jurnal ilmiah.

II. Prosedur Penelitian

Jika anda setuju untuk berpartisipasi pada wawancara tidak terstruktur, anda akan diwawancarai selama kurang lebih 1.5 jam dan wawancara akan direkam menggunakan alat perekam suara. Wawancara hanya dapat dilakukan jika surat persetujuan ini telah anda tanda-tangani. Sebagai ucapan terima kasih, anda akan mendapatkan sejumlah kompensasi (lihat poin 6, Kompensasi).

Jika diperlukan, wawancara lanjutan akan dilakukan oleh peneliti. Anda akan dihubungi kembali dan persetujuan yang telah anda berikan mencakup sekaligus wawancara lanjutan ini.

Mohon diingat bahwa hanya informasi pribadi yang tidak bersifat rahasia yang akan dipublikasikan (nama akan ditulis sebagai inisial).

III. Risiko

Jika anda setuju untuk berpartisipasi, maka dapat dipastikan tidak terdapat risiko apapun yang ditimbulkan dari studi ini (dengan kata lain, tidak ada bahaya lain kecuali yang ditimbulkan oleh kondisi kehidupan sehari-hari anda). Seperti yang telah dijelaskan sebelumnya, keterlibatan anda pada studi ini terbatas pada upaya untuk menjawab tujuan penelitian ini semata, membaca dan menyetujui surat persetujuan menjadi responden, dan berpartisipasi pada sebagian/seluruh wawancara dan observasi yang dilakukan oleh peneliti. Oleh karena itu, tidak terdapat risiko apapun dari partisipasi anda pada studi ini.

IV. Manfaat

Peneliti tidak menjanjikan atau menjamin adanya manfaat langsung yang akan anda terima jika berpartisipasi ke dalam studi ini. Namun demikian, partisipasi anda akan mendapatkan sejumlah kompensasi seperti yang tercantum pada poin 6. Selanjutnya, peneliti berharap bahwa sebagai anggota masyarakat, anda akan tetap memperoleh manfaat dari temuan studi ini berupa umpan balik terkait karakter-karakter daya tawar yang berpengaruh terhadap proses pengambilan keputusan di dalam rumah tangga. Dalam jangka panjang, anda juga dapat merasakan manfaat dalam bentuk meningkatnya kualitas kebijakan publik yang berfokus pada penguatan peran perempuan di dalam rumah tangga dan

pembangunan.

V. Anonimitas dan Kerahasiaan Identitas

Informasi pribadi yang bersifat umum seperti nama dan pekerjaan akan didata dan dipublikasikan. Nama akan ditulis sebagai inisial. Sedangkan, informasi pribadi yang bersifat rahasia (contoh: jumlah tabungan, pinjaman, nilai aset, dsb.) akan didata namun tidak akan dipublikasikan.

Identitas responden tidak akan dibagikan kepada pihak lain selain peneliti utama dan akan dihubungkan sedemikian rupa dengan rekaman suara/gambar anda untuk kepentingan penulisan laporan. Setiap responden akan diberikan kode tertentu yang membedakan informasi umum dan non-umum dengan keseluruhan respon anda. Kode tersebut juga akan digunakan oleh peneliti untuk menghubungkan informasi yang diperoleh secara sedemikian rupa sehingga data yang bersifat pribadi tidak terpublikasikan. Setelah wawancara selesai dilaksanakan (termasuk wawancara lanjutan jika diperlukan), daftar identitas responden akan dihancurkan. Data responden tidak akan pernah dibagikan kepada pihak lain tanpa persetujuan anda. Institutional Review Board (IRB) Virginia Tech berhak untuk melihat data responden untuk kepentingan audit. IRB bertanggung jawab untuk melindungi subyek manusia yang dilibatkan dalam studi ini.

VI. Kompensasi

Jika anda menyetujui untuk berkontribusi pada penelitian ini (dalam bentuk wawancara dan/atau observasi langsung peneliti), anda akan diberikan kompensasi berupa voucher yang dapat ditukarkan pada koperasi setempat sebesar 15 dolar Amerika Serikat di akhir sesi wawancara.

VII. Kebebasan untuk Mengundurkan Diri

Adalah sangat penting bagi anda untuk mengetahui dan memahami bahwa anda memiliki kebebasan untuk mengundurkan diri dari studi ini kapan saja tanpa dikenai penalti. Anda juga berhak untuk tidak menjawab pertanyaan yang diberikan tanpa dikenai penalti.

Terdapat pula situasi bila mana peneliti memutuskan bahwa seorang subyek penelitian tidak dapat lagi menjadi responden pada penelitian ini.

Jika anda memutuskan mengundurkan diri atau tidak berpartisipasi, anda akan diberikan kompensasi sesuai dengan bagian yang telah diselesaikan (lihat poin 6, Kompensasi).

VIII. Pengaduan dan Pertanyaan Terkait Studi

Jika anda memiliki pertanyaan terkait penelitian ini, anda dapat menghubungi peneliti di nomer telepon/email yang tercantum pada bagian awal formulir.

Jika anda memiliki pertanyaan/perhatian khusus terkait pelaksanaan studi atau hak anda sebagai subyek penelitian, atau ingin melaporkan kejadian atau cedera yang diakibatkan oleh studi ini, anda dapat menghubungi Ketua IRB Virginia Tech, Dr. David M. Moore di moored@vt.edu atau (+1540) 231-4991.

IX. Persetujuan

Saya telah membaca secara menyeluruh isi dari Formulir Persetujuan dan syarat-syarat dari penelitian ini. Semua pertanyaan saya terkait penelitian ini juga telah terjawab. Dengan ini, saya menyetujui semua poin tersebut diatas dan memberikan tanda persetujuan sebagai berikut:

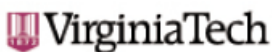
_____ Tanggal _____
Tanda tangan

Nama _____

(Catatan: setiap subyek penelitian harus mendapatkan formulir ini. IRB dapat membubuhkan tanda persetujuan pada formulir yang diajukan dan mengembalikan dokumen yang telah disetujui kepada peneliti yang selanjutnya dapat digunakan untuk memperoleh persetujuan subyek penelitian.)


Appendix B: IRB Letter of Approval

Appendix B.A: Initial IRB Letter of Approval



Office of Research Compliance
Institutional Review Board
North End Center, Suite 4120, Virginia Tech
300 Turner Street NW
Blacksburg, Virginia 24061
540/231-4606 Fax 540/231-0959
email irb@vt.edu
website <http://www.irb.vt.edu>

MEMORANDUM

DATE: June 29, 2017 

TO: Joyce Rothschild, Putu Desy Apriliani

FROM: Virginia Tech Institutional Review Board (FWA00000572, expires January 29, 2021)

PROTOCOL TITLE: The Intrahousehold decision-making process and microfinance

IRB NUMBER: 17-586

Effective June 29, 2017, the Virginia Tech Institution Review Board (IRB) Chair, David M Moore, approved the New Application request for the above-mentioned research protocol.

This approval provides permission to begin the human subject activities outlined in the IRB-approved protocol and supporting documents.

Plans to deviate from the approved protocol and/or supporting documents must be submitted to the IRB as an amendment request and approved by the IRB prior to the implementation of any changes, regardless of how minor, except where necessary to eliminate apparent immediate hazards to the subjects. Report within 5 business days to the IRB any injuries or other unanticipated or adverse events involving risks or harms to human research subjects or others.

All investigators (listed above) are required to comply with the researcher requirements outlined at: <http://www.irb.vt.edu/pages/responsibilities.htm>

(Please review responsibilities before the commencement of your research.)

PROTOCOL INFORMATION:

Approved As: Expedited, under 45 CFR 46.110 category(ies) 5,6,7
Protocol Approval Date: June 29, 2017
Protocol Expiration Date: June 28, 2018
Continuing Review Due Date*: June 14, 2018

*Date a Continuing Review application is due to the IRB office if human subject activities covered under this protocol, including data analysis, are to continue beyond the Protocol Expiration Date.

FEDERALLY FUNDED RESEARCH REQUIREMENTS:

Per federal regulations, 45 CFR 46.103(f), the IRB is required to compare all federally funded grant proposals/work statements to the IRB protocol(s) which cover the human research activities included in the proposal / work statement before funds are released. Note that this requirement does not apply to Exempt and Interim IRB protocols, or grants for which VT is not the primary awardee.

The table on the following page indicates whether grant proposals are related to this IRB protocol, and which of the listed proposals, if any, have been compared to this IRB protocol, if required.

Invent the Future

VIRGINIA POLYTECHNIC INSTITUTE AND STATE UNIVERSITY
An equal opportunity, affirmative action institution

Appendix B.A: Initial IRB Letter of Approval (continued)

IRB Number 17-586

page 2 of 2

Virginia Tech Institutional Review Board

Date*	OSP Number	Sponsor	Grant Comparison Conducted?

* Date this proposal number was compared, assessed as not requiring comparison, or comparison information was revised.

If this IRB protocol is to cover any other grant proposals, please contact the IRB office (irbadmin@vt.edu) immediately.

Appendix B.B: Extended IRB Letter of Approval



Office of Research Compliance
Institutional Review Board
North End Center, Suite 4120
300 Turner Street NW
Blacksburg, Virginia 24061
540/231-3732 Fax 540/231-0959
email irb@vt.edu
website <http://www.irb.vt.edu>

MEMORANDUM

DATE: June 18, 2018
TO: Joyce Rothschild, Putu Desy Apriliani
FROM: Virginia Tech Institutional Review Board (FWA00000572, expires January 29, 2021)
PROTOCOL TITLE: The Intrahousehold decision-making process and microfinance
IRB NUMBER: 17-586

Effective June 15, 2018, the Virginia Tech Institutional Review Board (IRB) approved the Continuing Review request for the above-mentioned research protocol.

This approval provides permission to begin the human subject activities outlined in the IRB-approved protocol and supporting documents.

Plans to deviate from the approved protocol and/or supporting documents must be submitted to the IRB as an amendment request and approved by the IRB prior to the implementation of any changes, regardless of how minor, except where necessary to eliminate apparent immediate hazards to the subjects. Report within 5 business days to the IRB any injuries or other unanticipated or adverse events involving risks or harms to human research subjects or others.

All investigators (listed above) are required to comply with the researcher requirements outlined at: <http://www.irb.vt.edu/pages/responsibilities.htm>

(Please review responsibilities before the commencement of your research.)

PROTOCOL INFORMATION:

Approved As: **Expedited, under 45 CFR 46.110 category(ies) 5,6,7**
Protocol Approval Date: **June 29, 2018**
Protocol Expiration Date: **June 28, 2019**
Continuing Review Due Date*: **June 14, 2019**

*Date a Continuing Review application is due to the IRB office if human subject activities covered under this protocol, including data analysis, are to continue beyond the Protocol Expiration Date.

FEDERALLY FUNDED RESEARCH REQUIREMENTS:

Per federal regulations, 45 CFR 46.103(f), the IRB is required to compare all federally funded grant proposals/work statements to the IRB protocol(s) which cover the human research activities included in the proposal / work statement before funds are released. Note that this requirement does not apply to Exempt and Interim IRB protocols, or grants for which VT is not the primary awardee.

The table on the following page indicates whether grant proposals are related to this IRB protocol, and which of the listed proposals, if any, have been compared to this IRB protocol, if required.

Invent the Future

VIRGINIA POLYTECHNIC INSTITUTE AND STATE UNIVERSITY
An equal opportunity, affirmative action institution

Appendix B.B: Extended IRB Letter of Approval (continued)

IRB Number 17-586

page 2 of 2

Virginia Tech Institutional Review Board

Date*	OSP Number	Sponsor	Grant Comparison Conducted?

* Date this proposal number was compared, assessed as not requiring comparison, or comparison information was revised.

If this IRB protocol is to cover any other grant proposals, please contact the IRB office (irbadmin@vt.edu) immediately.

Appendix C: Interview codes for participant observation

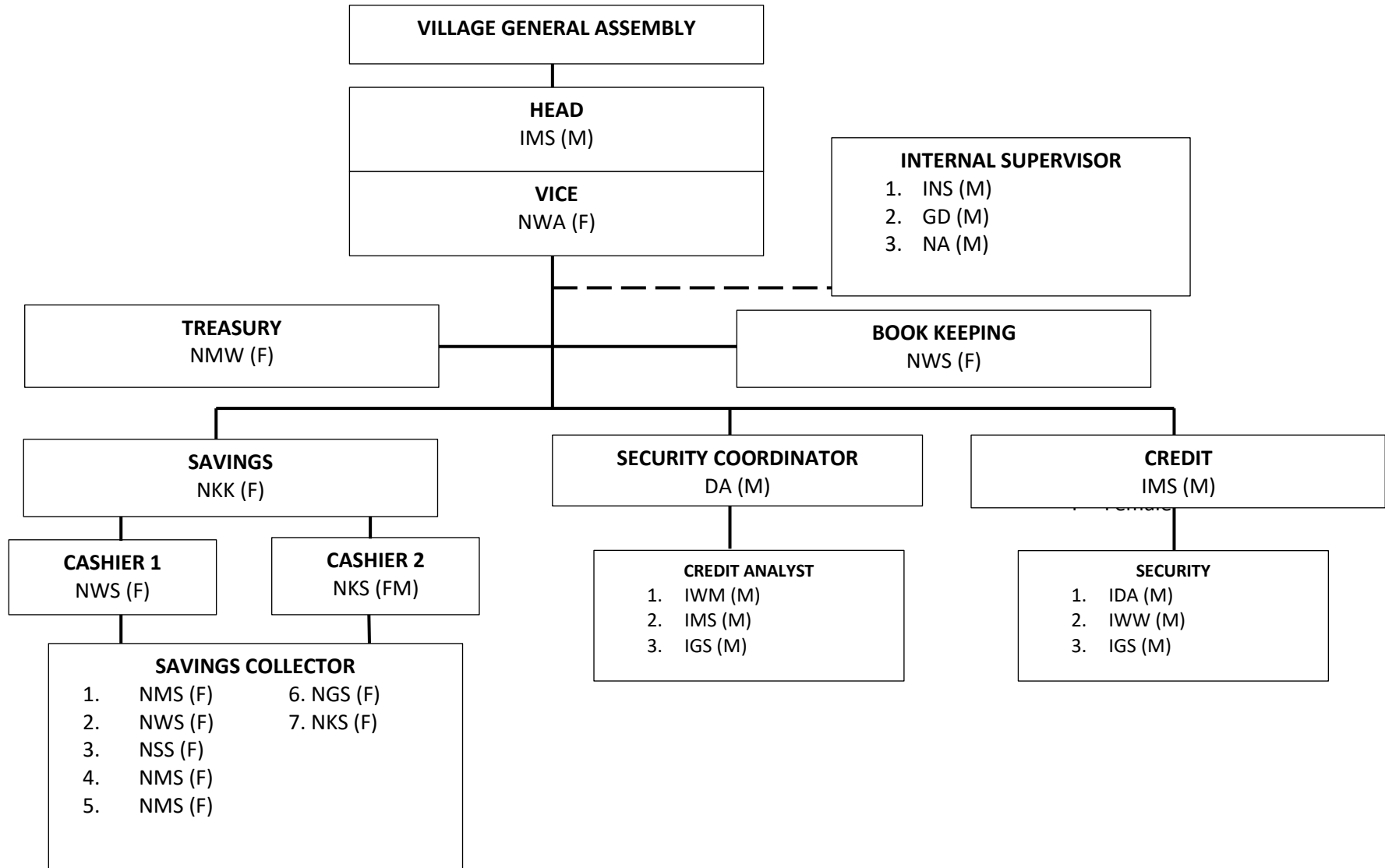
Footnote #	Code	Observed participant
81	001poPenny	Penny (chapter 5)
85	002poPenny	Penny (chapter 5)
62	003poPenny	Penny (chapter 4)
83	004poPenny	Penny (chapter 5)
84	005poPenny	Penny (chapter 5)
104	006poPenny	Penny (chapter 6)
119	007poPenny	Penny (chapter 6)
120	008poPenny	Penny (chapter 6)
122	009poPenny	Penny (chapter 6)
126	010poPenny	Penny (chapter 6)
63	001poSea	Sea (chapter 4)
61	002poSea	Sea (chapter 4)
68	003poSea	Sea (chapter 4)
41	004poSea	Sea (chapter 3)
91	005poSea	Sea (chapter 5)
93	006poSea	Sea (chapter 5)
99	007poSea	Sea (chapter 5)
105	008poSea	Sea (chapter 6)
109	009poSea	Sea (chapter 6)
110	010poSea	Sea (chapter 6)
111	011poSea	Sea (chapter 6)
112	012poSea	Sea (chapter 6)
127	013poSea	Sea (chapter 6)
130	014poSea	Sea (chapter 6)
74	001poAydi	Aydi (chapter 4)
49	002poAydi	Aydi (chapter 3)
67	003poAydi	Aydi (chapter 4)
94	004poAydi	Aydi (chapter 5)
95	005poAydi	Aydi (chapter 5)
96	006poAydi	Aydi (chapter 5)
106	007poAydi	Aydi (chapter 6)
113	008poAydi	Aydi (chapter 6)
115	009poAydi	Aydi (chapter 6)
116	010poAydi	Aydi (chapter 6)
129	011poAydi	Aydi (chapter 6)
75	001poMaria	Maria (chapter 4)
87	002poMaria	Maria (chapter 5)
88	003poMaria	Maria (chapter 5)
98	004poMaria	Maria (chapter 5)
86	005poMaria	Maria (chapter 5)
89	006poMaria	Maria (chapter 5)
103	007poMaria	Maria (chapter 6)

108	008poMaria	Maria (chapter 6)
117	009poMaria	Maria (chapter 6)
118	010poMaria	Maria (chapter 6)
121	011poMaria	Maria (chapter 6)
128	012poMaria	Maria (chapter 6)

Appendix D: Interview codes for semi-structured interviews

Footnote #	Code	Interviewee
31	002ssM_LPLPD	LPLPD staff
39	002ssM_EB	The office of Economic Bureau
40	002ssM_BKS	BKS LPD
43	005ssF_LPDM	LPD manager
46	001ssM_DA	Expert in Desa Adat
48	003ssM_EB	The office of Economic Bureau
50	001ssM_LPLPD	LPLPD staff
51	001ssF_LPDM	LPD manager
53	001ssM_PLPDK	PLPDK staff
54	001ssM_LPDM	LPD manager
55	002ssF_LPDM	LPD manager
59	001ssM_BKSLPD	BKS LPD
60	001ssM_EB	The office of Economic Bureau
72	002ssM_LPDM	LPD manager
76	003ssF_LPDM	LPD manager
77	004ssF_LPDM	LPD manager
78	003ssM_LPDM	LPD manager
79	002ssM_DA	Expert in Desa Adat
80	001ssF_ML	Expert in marriage law
107	003ssM_DA	Expert in Desa Adat
114	003ssM_LPLPD	LPLPD staff
123	004ssM_LPDM	LPD Manager
125	005ssM_LPDM	LPD Manager
102	004ssM_DA	Expert in Desa Adat

Appendix E: Organizational Structure of an LPD in Tabanan



Appendix F: LPD Banjar Tegeha loan application form

Form Negeri
bagi LPD
Banjar Tegeha

1

LEMBAGA PERKREDITAN DESA
(LPD)
DESA ADAT BANJAR TEGEHA
KEC. BANJAR, KAB. DATI. II BULELENG

SURAT PERMOHONAN PINJAMAN
NO. : / LPD / SPP / BT /

Yang bertanda tangan dibawah ini :

1. Nama :
2. Alamat :
3. Tempat / Tgl. Lahir :
4. Jenis Usaha :
5. Besar pinjaman yang diminta : Rp.
6. Jenis Pinjaman :
7. Jangka Waktu :
8. Tujuan Pinjaman :

Demikian permohonan ini kami ajukan dan bila disetujui kami bersedia mentaati segala ketentuan yang berlaku di LPD.

Menyetujui : Banjar Tegeha,
Ketua Banjar Adat Pemohon

Mengetahui :
Ketua Adat Banjar Tegeha

Mengetahui :
Kepala Desa Banjar Tegeha.

Keputusan

- 9.1. Ditolak dengan alasan
- 9.2. Ditetapkan
 - 9.2.1. Pokok Pinjaman Rp.
 - 9.2.2. Jangka Waktu bln / th *) x angsuran
 - 9.2.3. Suku Bunga % per bulan dengan sistim menurun / tetap *)
 - 9.2.4. Jenis Pinjaman Musiman / Bulanan *)
 - 9.2.5. Jenis Jaminan

Banjar Tegeha,
LPD. Desa Adat Banjar Tegeha
Kepala

Borrower's identity

Chief of customary village's approval

Chief of administrative village's approval

The approved amount and installment scheme

Final decision if the loan is approved or not