

## **FAMILY PERCEPTION AND PARTICIPATION AND ITS INFLUENCE ON THEIR WEALTH**

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### **Abstract**

Micro Financial Institution (MFI) is an alternative financial institution that helps micro entrepreneurs and poor families to get flexible loans. This study analyzes family perception and participation on micro financial institution and their influence on family welfare. It analyzes the cases of Bina Sejahtera Posdaya, Pasir Mulya, West Bogor sub-district, Bogor district. The sample consists of 32 MFI members and 38 non-MFI members. The result shows that experiences in financial institutions and cosmopolitans significantly influence welfare. Factors influence the family welfare are family income, members' perception to MFI, and members participation.

**Keywords:** Family welfare, perception, family participation, micro financial institution

**JEL classification number:** G21, G29

### **Abstrak**

Lembaga Keuangan Mikro (LKM) adalah lembaga keuangan alternatif yang membantu pengusaha mikro dan keluarga miskin untuk mendapatkan pinjaman yang fleksibel. Studi ini menganalisis persepsi keluarga dan partisipasi lembaga keuangan mikro dan pengaruh mereka terhadap kesejahteraan keluarga. Penelitian ini berfokus pada lembaga di Bina Sejahtera Posdaya, Pasir Mulya, Bogor Barat sub-distrik, kabupaten Bogor. Sampel terdiri dari 32 anggota LKM dan 38 non-anggota LKM. Hasilnya menunjukkan bahwa pengalaman di lembaga keuangan dan kosmopolitan berpengaruh signifikan terhadap kesejahteraan. Faktor yang mempengaruhi kesejahteraan keluarga adalah pendapatan keluarga, persepsi anggota terhadap LKM, dan partisipasi anggota.

**Keywords:** Kesejahteraan keluarga, persepsi, partisipasi keluarga, lembaga keuangan mikro

**JEL classification number:** G21, G29

### **INTRODUCTION**

The economic crisis that struck Indonesia in the mid 1997 had caused an increase in the number of people living in poverty. That was the effect of the 1997 economic

crisis. Therefore programs that are able to reduce poverty and improve welfare, especially family welfare, need to be conducted. According to Suyono and Hariyanto (2007) the government's effort will succeed if it is followed by intensive, independence and mature family empowerment development

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of each family member through the Posdaya (Family Empowerment Center) program.

Empowering families through Posdaya includes a number of activities, with one of them being the family economy. One of the Posdayas in Bogor is Posdaya Bina Sejahtera. The Posdaya Bina Sejahtera role is to help the family economy by establishing an alternative financial institution called Bina Usaha Mandiri micro financial institution (MFI). Their goal is to provide working capital for micro-businesses and help the less fortunate families to meet their needs. It is expected that with the establishment of such micro-finance institutions, families are able to grow their economic independently and with self-sufficiency in order to improve family well-being. The role of economic in development is very large, such as improving the living standard of poor family.

Knowledge level possessed by family in understanding the existence of MFI will affect the family perception of the MFI itself. Every people have different perception and it depends on how they view MFI. That perception will affect family participation in utilizing the presence of MFI to sustain family economic. If a family is able to benefit from MFI service, then the family economic will indirectly have the opportunity to grow, especially for poor families.

Generally, this research is conducted to analyze family perception and participation in MFI and the effect on family well-being. Whereas the emphasis of this research is to identify the role of Posdaya and MFI, obstacles, sample characteristic and families from MFI-BUM members and also non MFI-BUM members, MFI perception and participation, analyze the relationship between family characteristics with well-being of families from MFI member and non MFI members, analyze the effect of the family characteristics, their perception of MFI and family participation in family welfare.

## METHODS

This research was a cross sectional study. The research was conducted in Posdaya Bina Sejahtera, Village Pasir Mulya, Bogor Barat sub-district, Bogor City. Site selection was made deliberately by the deliberation that the location is a pilot model of Posdaya guided by Human Resources Development Center (P2SDM), LPPM-IPB and as a Posdaya that had establish and develop MFI. This research was conducted in 7 months, starting from February until August 2010.

The population in this research is Posdaya Bina Sejahtera families in Village Pasir Mulya, Bogor City. This population includes 61 MFI Bina Usaha Mandiri (LK-BUM) member families and 175 non LK-BUM member families.

Sample was taken by using non promotional random sampling and data was collected by survey method. The number of samples that were taken for this research is 70 sample using Slovin equation in Gulo (2005). So the comparisons obtained from the samples were 32 samples from MFI-BUM members and 28 samples from non MFI-BUM members, but members of Posdaya Bina Sejahtera.

To answer questions and the purpose of this research, the data collected consist of primary and secondary data. Secondary data consist of Central Statistical Agency (Indonesia Central Bureau of Statistics) data, Posdaya Bina Sejahtera administrative report book, MFI Bina Usaha Mandiri profile, Pasir Mulya Village administrative report book which support and include research variable. Secondary data is used as a reference in research so that problems can be understood deeply. Primary data was collected through interview with sample that consist of sample characteristic (age, gender, education, job, social status, experience, cosmopolitan and motivation), family characteristic (number of family members, family income and family expenses), family perception of MFI, participation in Posdaya and family Welfare.

Data analysis that is used in this research in reliability analysis, validity analysis, Pearson correlation test, descriptive test and independent sample t-test, chi-square test and logistic regression test.

Descriptive analysis was used to identify sample's characteristics and family. Difference test was used to see differences in family characteristics within MFI member family and non MFI member family using independent sample t-test. Analyzing family characteristics relationship include demography, social and family economic using correlation statistic to see significant relationship between family welfare, and using logistic regression to analyze the most influential factor in family welfare.

## RESULTS DISCUSSION

Village Pasir Mulya was chosen as the pilot model for family empowerment under the guidance of P2SDM-LPPM IPB. Posdaya Bina Sejahtera role is to reinvigorate social culture, develop institutions in society and as a way to participate in society in building a secure family life filled with peace and happiness. Obstacles faced by Posdaya are physical and non-physical barriers.

Most of the samples were females in both the MFI member (97.1%) and non MFI members (97.4%). Ages of the samples are between 18-67 years old, with the average age of 41.64 years. More than three fifth of the sample are middle age MFI member (62.5%). While 57.9% of non MFI members are in the early age. According to education level, more than half of the sample (58.6%) are in the low education level (< 9 years) category. More than 70% of the sample does not have a job or housewives. According to the research, the percentage of community leaders participating as MFI member is only 28.1%. This is because the Bina Usaha Mandiri MFI is in the early age (2 years). So the development of MFI member has not been evenly distributed in the society.

Sample's motivation to joint MFI were to improve knowledge in financial institution (93.8%) and to gain more experience (96.9%) and to participation in sample MFI is included in the middle category (94%). This was because almost half of the sample (46.9%) had never borrowed money in MFI and more than 70% of the samples never provide ideas to develop MFI. In Posdaya meetings, 41.6% of sample avoid or did not come to meetings. Overall, samples that participate in meetings are in the high category (63%). MFI member sample experience in the financial institution was in the high category (59.4%) while non MFI member sample was in the low category (44.7%).

Individual cosmopolitan is characterized by a number of attributes that differentiate from other in the community such as a higher social status, higher social participation, more associated with outsiders and more use of mass media (further discussion on cosmopolitan, please see Beck, 2002; Beck and Sznajder, 2006; Mau et al., 2008; and Olsen, 2011; among others).

Research results showed that majority of the MFI-BUM members' family (50%) and non MFI-BUM member families (57.9%) are in the small family category. According to the income, almost two third of the family (74.3%) had income less than Rp 637.500/capita/month. On the other hand, according to the family capita income categorizing, 62.5% MFI member and 50% non MFI member was in the un-poor category. The sample family income is between Rp 50.000 to Rp 2.400.000 every month.

MFI member families have less food expenditure (58.2%) than non MFI member families (64.7%). According to Suhardjo (1989), poor families use most of their income on food needs. The biggest percentage (9.1% in the MFI member families and 13.2% non MFI member families) are used to buy snacks and light food. The second highest expenses in the food group are for rice (6.2% in MFI member families

and 8.9% in non MFI member families). The third highest expense is for cigarettes (5.6% in MFI member families and 5.2% in non MFI member families).

### MFI Perception

Perception is someone's view toward a particular object based on firsthand experience and supported by information source. Categorizing perception towards MFI is based on research result index about perception in MFI existence, government's policy, institutional MFI and community leaders. The category is split into three categories such as low category, middle category and high category. According to the field research on MFI perception, more than 70% of the sample is in the middle category (71.9% MFI member sample and 92.1% non MFI member sample). As much as 28.1% of MFI member sample have a high perception toward MFI. On the other hand, only 7.9% non MFI members are in the high category (Table 1).

According to Table 1, it can be concluded that the perception of member sample is higher than non members toward MFI. This can be seen from the average MFI member (60.85) compared to non MFI member which is 52.44. The higher the sample perception, the higher the level of participation of the sample in activities which support MFI development. The result of the *t*-test difference test shows that there is a significant difference ( $p < 0.01$ ) toward MFI perception in both samples.

### Posdaya and MFI Participation

According to Adisasmita (2006), participation is an important effort that comes from within the society and can encourage, promote, develop and realize the strength and capabilities of society. The steps in participating in a social activity include the identification of potential, problems faces, designing development program that is needed by the society and supervision.

**Table 1:** Distribution of Samples by Categories about MFI Perception

No	Perception Category	MFI Member (n=32)		Non MFI Member (n=38)		Total (n=70)	
		n	%	n	%	n	%
1	Low	0	0.0	0	0.0	0	0.0
2	Average	23	71.9	35	92.1	58	82.9
3	High	9	28.1	3	7.9	12	17.1
Average±SD		60.85±10.16		52.44±10.82		56.28±11.27	
Range (min-max)		34.96-77.24		38.21-94.31		34.96-94.31	
<i>P-value</i>				0.001***			

Notes: \*\*\* indicates significant at 1% significant level.

Source: Data estimation.

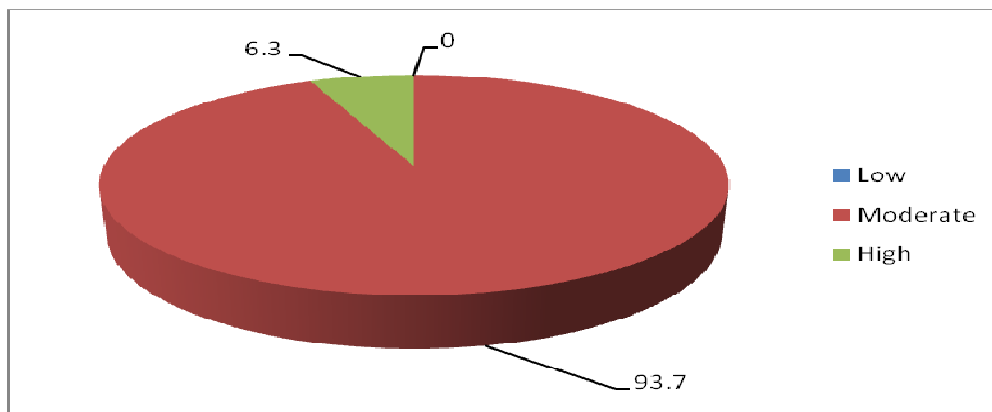
**Table 2:** Distribution of Sample based on the Categories of Participation

No	Participation Category	MFI Member (n=32)		Non MFI Member (n=38)		Total (n=70)	
		n	%	N	%	n	%
1	Low (score < 16)	3	9.4	9	23.7	12	17.1
2	Medium (score 16-24)	10	31.3	20	52.6	30	42.9
3	High (score > 24)	19	59.4	9	23.7	28	40.0
Average±SD		25.41±6.91		20.42±5.96		22.70±6.84	
Range (min-max)		15-36		12-33		12-36	
<i>p-value</i>				0.002***			

Notes: \*\*\* indicates significant at 1% significant level.

Source: Data estimation.

### Micro Financial Institution Participation



Source: Data estimation.

**Figure 1:** Distribution of MFI Members Based on MFI Participation

Table 2 explain more than half of MFI members (59.4%) are in the high category. On the other hand, non MFI member (52.6%) has a medium involvement level in Posdaya. Besides that, 9.4% of the MFI member sample and 23.7% non MFI member sample is in the low category. That means that samples participate less in Posdaya activities. The result of the *t*-test difference test shows that there is a significant difference ( $p < 0.01$ ) in Posdaya participation within the two sample groups.

According to Figure 1, most MFI member sample is in the medium category (93.7%). That means that the samples in MFI had participates enough in UKM, such as less active in loan instalment payment or principal saving, less involved in solving problems within the MFI and sometimes save money in Bina Usaha Mandiri MFI. Only a small part of the sample have a high level participation (6.3%) which is always active during loan instalment payment and always active in paying principal saving.

#### Allocation and Number of Loans from MFI

According to Wijono's research, small business can have added value in effort to raise family income if they are able to make use of financial institution. One of the ways to do that is to productively use financial institution services, including

productive efforts by the poor. The data collected were MFI Bina Usaha Mandiri administrative data that consist of member's loan. More than half (58.3%) of MFI members borrowed money from Bina Usaha Mandiri MFI for capital and business purposes.

Almost half (41.7%) of MFI member samples borrowed money ranging from Rp 50,000 up to Rp 100,000. As much as 41.7% sample have loan more than Rp 100,000. Loans more than Rp 100,000 is generally use for child's school fee and capital to build micro-enterprise in the household. The average of loans that have been received by Bina Usaha Mandiri MFI member samples is Rp155.000.

According to the research, more than three fifth (62.5%) of the sample have high participation in meetings held by Posdaya for understanding increasing development of Bina Usaha Mandiri MFI. But 28.1% of the samples still have low participation. This is caused by the meetings were held in the time that does not match the sample's free time.

#### Family Welfare

Objective welfare in this research used two indicators which are Indonesia Central Bureau of Statistics and Sociometric. Indonesia Central Bureau of Statistics indicator used

total family expenditure per month, while sociometric used eight dimensions of needs that include food security, family member education, health services, house tools fulfilment, social capital, empowerment, writing and reading ability and unsafety.

Categorization result shown that most of percentage for MFI member family and non MFI member family located in un-poor family (welfare) which was 81.2% for the member family and 65.8 for the non MFI member family, however there were 18.8% in MFI member family and 34.2% in non MFI member family that located in poor category (Table 3).

### BPS (Indonesia Central Bureau of Statistics) Indicator

Total expenditure per month was one tool to measure the welfare of families used in

this study. Poverty criteria used was urban poverty line of West Java (2009), which were Rp 203,751.00. Income categorization per month in this research refers to criteria of Statistic Official News No. 47/IX/1 September 2006 in Simanjuntak (2010) which are, Poor: < poverty line (PL), nearly poor 1.00 -1.25 PL, nearly un-poor: 1.25-1.50 PL, and un-poor: >1.50 PL. Distribution of samples based on total expenditure per months can be seen on Table 4 which tell that some samples family located in the un-poor category (75.0% MFI member family and 68.4% non MFI member family). However there was 6.3% in MFI member and 15.8% on non-MFI member located in poor category.

**Table 3:** Distribution of Samples by Category Sociometric Welfare

No	Family Welfare Category	MFI Member (n=32)		Non-MFI Member (n=38)		Total (n=70)	
		n	%	N	%	n	%
1	Very Poor (score 24-32)	0	0.0	0	0.0	0	0.0
2	Poor (score 16-23)	6	18.8	13	34.2	19	27.1
3	Un-poor (score 8-15)	26	81.2	25	65.8	51	72.9
	Average $\pm$ SD	13.69 $\pm$ 2.72		14.74 $\pm$ 2.90		14.6 $\pm$ 2.85	
	Range (min-max)	9-21		9-20		9-21	
	<i>p</i> - value			0.125			

Source: Data calculation.

**Table 4:** Distribution of Samples by Total Family Expenditure per Month

No	Family Expenditures Category (Per Capita/Month)	MFI Member (n=32)		Non MFI Member (n=38)	
		n	%	n	%
1	Poor	2	6.3	6	15.8
2	Nearly Poor	2	6.3	3	7.9
3	Nearly Unpoor	4	12.5	3	7.9
4	Unpoor	24	75.0	26	68.4
	Average $\pm$ SD (Rp)	631 973,05 $\pm$ 263.779.13		515 826.75 $\pm$ 213.307.24	
	Range (min-max) (Rp)	145 067.90-1 432 389,00		116 750,00-1 132 694,00	
	<i>P</i> -value			0.120	

Source: Statistics Official News No. 47/IX/1 September 2006 Criteria (Poor: < PL, Nearly Poor: 1.00-1.25 PL, Nearly Unpoor: 1.25-1.50 PL, and Unpoor: > 1.50 PL).

**Table 5:** Distribution of samples by subjective welfare category

No	Family Welfare Category	MFI Member (n=32)		Non-MFI Member (n=38)		Total (n=70)	
		n	%	N	%	N	%
1	Unsatisfied	0	0.0	0	0.0	0	0.0
2	Fairly Satisfied	9	28.1	11	28.9	20	28.6
3	Satisfied	23	71.9	27	71.1	50	71.4
Average ± SD		73.84±6.35		71.39±7.08		72.51±6.82	
Range(min-max)		62-86		56-87		56-87	
<i>p</i> – value				0.135			

Source : Data calculation.

Subjective welfare measurement considered to be more sensitive, because subjective welfare measurement needed to complete the objective well-being measurement (Raharto and Rodiati, 2000). Based on Table 5, more than 70% of samples felt satisfied in the needs fulfilment so far (28.1% in non MFI member and 28.9% in MFI member family). *T-test* differences test result not showed significant differences ( $p > 0.1$ ) between subjective welfare of MFI member and non MFI member family.

#### Sample Characteristics and Family with Sociometric Welfare

Based on *Pearson* correlation test, there was a significant and positive correlation ( $r = 0.370$ ) between sample experiences on financial institution with sociometric family welfare. It means that the higher the experience gained by sample about financial institution, the higher the sociometric welfare of the family. This can be caused by the samples which have high experience in financial institution, have broad knowledge and view in improving their family welfare.

There were significant and positive correlation ( $r = 0.337$ ,  $p = 0.01$ ) between education length with sociometric welfare. This was caused by samples that consist of MFI members and non MFI members can help their family in fulfilling their needs. Education level that achieved by either wife or husband has positive correlation with the welfare (Iskandar, 2007).

*Pearson* differences test result shown that there was a significant and positive relation ( $r = 0.574$ ,  $p = 0.01$ ) between cosmopolite with family ability to fulfilling their needs based on sociometric welfare. Same with family income, the more income family got, family got more ability to fulfil their eight aspects of needs.

#### Characteristics of Samples and Family with BPS (Indonesia Central Bureau of Statistics) Welfare

Total expenditure in the research referred to indicator of Indonesian Central Statistical Agency (2009) which divided family expenses into two kinds of expenses, food and non-food expenses. Poor family identical with the high food expenses, thus family welfare reduced (Rachmawati, 2010). Based on Table 6, there was significant and positive relation ( $r = 0.315$ ;  $p = 0.01$ ) between sample education length with total family expenditure. Family size has significant and negative relation ( $r = 0.225$ ;  $p = 0.1$ ). This was because family with big family member will increased the family expenses in basic needs fulfilment, if it supported with the increase of family income. Without the increase of family income, family has a big potential to enter the poor family category. Higher experience will help family to improve its welfare, if also supported with high education.

The higher income that gained by the family, the family welfare will also improves. *Pearson* correlation result shown

that there was a very significant and positive correlation ( $r = 0.579$ ;  $p = 0.01$ ) between family income with family expenses. Aside from that, there was also significant and positive correlation ( $r = 0.400$ ;  $p = 0.01$ ) between family cosmopolite with family expenses. It means that the higher sample activity, the higher family welfare based on BPS indicator.

### Sample and Family Characteristics with Subjective Welfare

Subjective welfare is seen by physical and non-physical satisfactions and also family social communication satisfaction. *Pearson* correlation test result showed that there was significant and positive ( $r = 0.262$ ;  $p = 0.05$ ) between sample age and subjective family welfare. This means that the higher sample age, the higher family welfare based on subjective approach. If the total family income rises, the satisfaction of needs fulfilment will be gained optimally.

*Pearson* correlation test result (Table 6) shown that there was a very significant and positive correlation ( $r = 0.420$ ;  $p = 0.01$ ) between family experience with family subjective welfare. This mean that the higher experience gained by the family, the higher subjective welfare achieved. Society

experience can be gained by the assistance role, society hoped able to improve their family welfare by available programs (Sundry, 2004). High activity of family helped it in fulfilling their needs.

### Posdaya Participation

Posdaya participation is seen by the sample family participation in preparation, program planning, program implementation and evaluation of the program in various field of Posdaya, one of which MFI Bina Usaha Mandiri. *Pearson* correlation test result shows that there was a significant and positive correlation between Posdaya participation with sociometric welfare ( $r = 0.455$ ;  $p = 0.01$ ) and subjective welfare ( $r = 0.517$ ;  $p = 0.01$ ). This mean that the higher participation level of sample families, the higher family ability to fulfil their needs, and the higher participation of family in Posdaya, the higher satisfaction in physical and non physical needs fulfilment and also family communication. Besides that, Table 6 also shown significant and positive correlation ( $r = 0.300$ ;  $p = 0.05$ ) between posdaya participation with BPS welfare. Grootart (2001) in Fadli (2007) stated that participation made higher society access toward financial source so welfare could be improved.

**Table 6:** Pearson Correlation Test Result, Sample and Family Characteristics Perception on MFI and Participation in Posdaya with Family Welfare

No	Variable	Sociometric	BPS	Subjective Approach
		Correlation Coefficient	Correlation Coefficient	Correlation Coefficient
1	Sample age	0.089	0.088	0.262**
2	Sample education length	0.337***	0.315***	0.180
3	Experience	0.370***	0.375***	0.420***
4	Cosmopolite	0.574***	0.400***	0.500***
5	Income	0.464***	0.579***	0.432***
6	Family size	-0.037	-0.225*	0.162
7	Perception of MFI	0.261*	0.007	0.197
8	Participation in Posdaya	0.455***	0.300***	0.517***

Notes: \*, \*\*, and \*\*\* indicate significant at 10%, 55, and 1%, respectively.

Source: Data estimation.



*Pearson* correlation test result shown that there was significant and positive result ( $r = 0.261$ ;  $p = 0.05$ ) between sample family perception toward MFI with family ability to fulfil family member needs based on sociometric welfare. Sumarti (1999) said that human welfare perception built by experience and many proseses in human effort to made a relation with the environment. Thus, the welfare percaepction will built through human life experience in relation with environment (family, group and society) in order to obtain the welfare.

### Welfare Influencing Factors

Based on regression analysis result, the most influencing factor in welfare determinants based on BPS indicator is cosmopolite and sample experience in accessing information. The higher sample activity, the higher family welfare gained. Prosperous opportunity in family with high cosmopolite (activity) was 4.191 times higher compared with family with low activity. BPS used the ability to fulfil basic need by seeing total expenses of each family as main indicator to evaluate the well-being, so the

high level of sample activity in accessing information independently gave a chance to gain broad knowledge and solving problems faced in family life (Saragihetal., 1994).

Soesarsono (2002) stated that experience in social economic activity was a valuable capital. The high experience of sample made family welfare level decrease with regression coefficient 2.555. Prosperous opportunity in family with low experience was 0.078 times higher compared with higher experienced family (Table 7). Sociometric indicator did not see welfare level based on direct income, but sociometric indicator saw from the family ability to reach eight needs aspects that include food security, education, health, household tools, social capital, empowerment, writing and reading ability and unsafety. Based on Table 7, sample cosmopolite by sociometric indicator has significant effect ( $p < 0.1$ ) toward welfare level. The higher someone cosmopolite, the higher the family welfare gained with regression coefficient 0.393. Family with high cosmopolite (activity) has a chance to be more prosperous 1.481 more than lower activity family.

**Table 7:** Factors Influencing Welfare, BPS, Sociometric and Subjective Approach

No	Variable	Indicator (0= Poor, 1= Unpoor)					
		BPS		Sociometric		Subjective	
		$\beta$	Exp(B)	$\beta$	Exp(B)	$\beta$	Exp(B)
1	Sample age (year)	0.108	1.114	-0.014	0.991	0.017	1.018
2	Sample education length (year)	-0.426	0.653	0.042	1.008	0.048	1.050
3	Family size(person)	-0.685	0.504	0.008	0.932	0.003	1.003
4	Income (IDR/month)	0.000	1.000	0.000	1.000	0.000*	1.000
5	Perception toward MFI (score)	0.024	1.024	-0.007	0.993	-0.066***	0.936
6	Family participation (score)	-0.157	0.855	0.045	1.046	0.142**	1.152
7	Cosmopolite (score)	1.433*	4.191	0.393*	1.481	0.070	1.073
8	Experience(score)	-2.555*	0.078	-0.878*	0.416	0.052	1.054
9	MFI Participatory (0= non member, 1= member)	1.574	4.827	1.030	2.800	-0.102	0.903
	$R^2$	0.885		0.668		0.428	

Notes: \*, \*\*, and \*\*\* indicate significant at 10%, 55, and 1%, respectively.

Source: Data estimation.

Family with low experience in financial institution also has prosperous opportunity 0.416 time higher than family with high experience in financial institution (Table 7). Sociometric indicator saw unsafety was higher in family with higher experience in borrowing loan to financial institution compared with low experienced family.

Family income showed that there was an effect ( $p < 0.1$ ) toward family welfare level. The higher family income, the higher family welfare based on subjective approach. Family with high income has prosperous opportunity 1.000 times higher than family with low income (Table 7). Family with high income had the ability to fulfil their needs to reach their satisfaction.

Subjective welfare used family satisfaction indicator in needs for fulfilment. The higher the family perception towards MFI Bina Usaha Mandiri, the lower the welfare level of the family. Prosperous opportunity in high perception family was 0.936 higher than family with low perception level (Table 7). This was because higher someone perception toward an object, if not followed with concrete action and directly participate in the object, will not give significant result toward family welfare.

Based on Table 7, participation effect toward family welfare was subjective. The higher family participation, the higher family welfare gained with 0.142 regression coefficient. Prosperous opportunity of family with high participation was 1.152 times higher compared with low participation family. This was because subjective welfare indicator saw welfare as more abstract, so the participatory variable could affect the family welfare.

## CONCLUSION

Half of the samples included in mid adult age category (40-60 years), Education level

of two groups of sample mostly were high school graduate, however the education length was low ( $< 9$  years), more than 70% of both samples were non-working/housewife. Most of MFI member samples have a high participation on Posdaya, while the non MFI member located in fair category. However in perception toward MFI category, both samples had adequate understanding toward MFI either about MFI existence, government policy or MFI institutional.

Based on the sociometric indicator, there was positive correlation between education lengths of sample, family income and family experience, cosmopolite, Posdaya participation and perception of MFI. BPS indicator has a relation with education length of samples, family size, family income, experience in financial institution, cosmopolite, and participation in Posdaya. While on subjective welfare indicator has positive correlation with age of sample, family income and experience in financial institution, cosmopolite and perception toward Posdaya.

In the BPS indicator and sociometric, perception toward MFI and Posdaya participation did not has significant effect, but BPS indicator and sociometric indicated that there was effect of cosmopolite and experience in financial institution which was more influential. Subjective welfare indicator has significant effect toward MFI perception and participation in Posdaya, more over family income also affecting the subjective welfare.

Caring, sincerity, the spirit of mutual help, and responsibility are expected to reduce the constraints faced by Posdaya so the planned program could reduce society dependency to government helps. Posdaya aims are hoped to improve participation and caring so people could live independently.

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