

Impact and Meaning of Government Hegemony in LPD Management in Badung Regency

ANAK AGUNG NGURAH GEDE SADIARTHA¹, I. WAYAN WIDNYANA²

¹Faculty of Economics, University of Indonesia Hindu, Sanalangit Street, Denpasar, Bali

²Faculty of Economics, University of Mahasarawati Denpasar, Manik Street, Gianyar, Bali
INDONESIA

Abstract: - (1) the impact of government hegemony in LPD management, with sub indicators (a) economic, social, cultural impacts, and (b) permanent dependence; (2) the meaning of government hegemony in LPD management, with sub indicators, namely (a) religious meaning, (b) cultural resilience, and (c) welfare. The data collected in this study are qualitative data, in addition to supporting quantitative data. The data collection method used in this study is the non-participant observation method. There are primary data sources and secondary data. Informants in this study are those who are involved in LPD activities, both in Bali Province, Badung Regency, PT BPD Bali, LPD administrators and employees, traditional village heads, customers, or traditional village officials. The impact of government hegemony in managing the LPD can be seen in the economic development in both the traditional villages, namely Kuta, Kerobokan and Pakraman. Loans extended to krama and non-krama in the two LPDs, and the amount of credit to non-krama are relatively small, less than 10 percent of the amount of credit extended to customers. Credit in LPD Kuta is more directed to small and medium traders and has been able to help them meet household needs and increase their savings in the LPD, while in the Kerobokan LPD it is given to middle and upper middle enterprises. Credit risk is a threat to the health of LPDs, but these two LPDs have a way of dealing with bad credit. This study fills a gap in several previous studies examining government hegemony, particularly in microfinance institutions.

Keywords: - Hegemony, Microfinance, Management, Governance

Received: April 23, 2021. Revised: December 14, 2021. Accepted: January 19, 2022. Published: February 8, 2022.

1 Introduction

Indonesia was the first country to develop microfinance commercially in Asia, by setting up semi-professional microfinance institutions to start microfinance services. Historically, Microfinance Institutions in Indonesia have been a pillar of intermediary financial practice in Indonesia. The existence of Microfinance Institutions is very much needed for the middle to lower class communities or small communities. Microfinance Institution is a translation of microfinance which is defined as a financial service provider for small communities (traditional) and functions as a development for poverty alleviation.

Indonesia is a country that is still developing. Economic development in Indonesia as we know it only focuses on urban areas. This causes inequality in economic development in urban and rural areas. However, Indonesia is currently

starting to develop the economy to build community welfare, especially in rural areas through one of the supporting intermediaries, namely financial institutions. Many government projects / programs have been carried out to encourage the economic development of rural communities. These projects / programs are carried out by each department or between departments. In general, the projects that are being rolled out are still in the generation of providing physical assistance to the community. Whether in the form of irrigation facilities, saprotan assistance, pumping machines, construction of clean water facilities and so on. The development approach used so far has prevented rural communities from progressing significantly. This is indicated by not optimal economic organization in the village. These organizations include village credit institutions, village cooperatives, and dukuh lumbung. The

village economic organization should have grown strong from below, able to survive and develop themselves well. Almost all economic organizations in these villages are relatively fragile. This fragility is thought to be one of the serious reasons why the life and economy of rural communities is increasingly backward and weak.

In 1972, the Provincial Governments of West Java and West Sumatra established several non-bank financial institutions. This institution in West Java is called the People's Credit Institution (LPK) based on the Decree of the Governor of West Java Number 171 of 1972 and Lumbung Pitih Nagari (LPN) in West Sumatra based on the Decree of the Governor of West Sumatra Number 085 of 1972. This was followed by the East Java Government by forming Small-scale Business Credit (KURK) based on the Decree of the Governor of East Java Number 197 of 1984. Apart from these provinces, the Bali Provincial Government is also making an effort to improve the country's economy by developing financial institutions in rural communities called the Village Credit Institutions (LPD) Village Credit Institutions (LPD) were established to encourage the economic development of rural communities through savings and capital participation, create equity and business opportunities for villagers and increase the purchasing power of the community and accelerate the process of transactions and circulation of money in the village (Budiarsana, et al., 2017).

The LPD has grown from 1985 to the end of 2015, from a weight of (8) LPDs in each sub-district to 1,379 spread across eight districts and cities in Denpasar. Although the number of LPDs has increased significantly, the efforts of the Bali Provincial Government to encourage growth and health as well as the quality and quantity of customers as users of LPD products continue to increase. This was done through various regulations and the appointment of PT PT Bank Pembangunan Daerah Balithrough Governor Decree Number 95/01-C / HK / 2003 as LPD Supervisor (hereinafter referred to as PT BPD Bali).

Based on the Bali Provincial Regulation No 3 of 2017 concerning Village Credit Institutions that Badung Regency is one of the districts in the province of Bali with an area of 41852 Km2 consisting of six (6) sub-districts, 16 sub-districts,

46 villages and 120 traditional villages scattered in each sub-district. to date, it has 118 (one hundred and eighteen) Village Credit Institutions from 120 existing Pakraman villages (Sudarmini et al., 2017). In fact, the LPD cannot be separated from global competition which can trigger irregularities. As was the case that happened to one of the LPDs in Mangwi District, namely the LPD Desa AdatKapal. The existence of corruption committed by three former supervisors of the LPD Desa Adat Kapal, Badung for the period 2008–2016. To resolve cases of misappropriation of LPD funds committed by administrators, the provincial government of Bali did this by means of state law and implementing customary sanctions.

The LPD as a microfinance institution is not only regulated through regional regulations but is also regulated by the central government. The Minister of Home Affairs of the Republic of Indonesia through letter number 412.2 / 3883 / SJ dated 4 November 2015 regarding the Strategy for the Development of Microfinance Institutions in number two states that in accordance with the conditions of each region, presumably the Head of the Empowerment and Village Service Agency, the Head of the Cooperatives and UKM Service as well as the Head of Bureaucracy / Economic Affairs in provinces and districts / cities assigned to conduct socialization, data collection, guidance, education, and facilitation to existing MFIs. have not been legally incorporated as a BPR, Cooperative, or Bumdes in 2016 at the expense of the APBD of each region. The basis for the issuance of the letter is the Joint Decree of the Minister of Finance, Minister of Home Affairs, Minister of Cooperatives and Small and Medium Enterprises, and Governor of Bank Indonesia on 7 September 2015 concerning the Strategy for the Development of Microfinance Institutions. Efforts to regulate the LPD into a business entity have been met, both from the province, district, LPD administrators, as well as community leaders.

In general, the ideology of government and the hidden meaning behind hegemony, apart from the communicative actions taken by the government towards the management of traditional villages in Badung Regency, aims to reach a consensus for this hegemony. This is important because the role of the government is to improve the welfare of traditional villages and create a just and prosperous society, in accordance with the

mandate of the Preamble to the 1945 Constitution. To realize this mandate, the Bali Regional Government has issued regional regulation No. 29/2013 to realize the LPD in encouraging the village economy and improving the welfare of the community.

There are various paradigms, methods and techniques developed to be a way of strengthening government hegemony in LPD management in Badung Regency, for example the government's paradigm in protecting traditional villages from globalization by strengthening local potential through economic activities. Based on these problems, this study will examine the impact and meaning of government hegemony in managing LPD in Badung Regency.

This study fills a gap in several previous studies examining government hegemony, particularly in microfinance institutions. This study breaks down the topic into (1) the impact of government hegemony in LPD management, with sub-indicators, namely (a) economic, social and cultural impacts, and (b) permanent dependence; (2) the meaning of government hegemony in LPD management, with sub indicators, namely (a) religious meaning, (b) cultural resilience, and (c) welfare.

2 Research Methods

Badung Regency as a research location consists of six sub-districts, namely Petang District, Abiansemal District, Mengwi District, North Kuta District, Kuta District, and South Kuta District. The choice of study location is based on several considerations. First, related to healthy and unhealthy LPDs, according to the Decree of the Board of Directors of PT Bank Pembangunan Daerah Bali Number 0193.02.10.2007.2 dated June 5, 2007 concerning Guidelines for the LPD Assessment System. There are three levels of LPD health, namely healthy, moderately healthy, and unhealthy. In this study, LPD is classified as healthy with the consideration that government hegemony can provide a positive image in the form of defense of Hinduism, socio-culture, and the economy of traditional villages in the midst of modernization. LPD that is not healthy in this study causes government hegemony to not run well so that LPD operations need to be considered

to reveal the cause. Second, there is the consideration of Kuta and North Kuta Districts as tourist destinations, so that their economic activities are in line with the presence of tourists, so that researchers assume that government hegemony can make a big contribution to the development of LPD and traditional economic life of traditional customs. However, the reality turned out to be different from expectations because the LPDs in Kerobokan which were located in tourist destinations showed unhealthy conditions. So researchers assume that the hegemony of the government can make a big contribution to the development of the LPD and the traditional economic life of customary manners. However, the reality turned out to be different from expectations because the LPDs in Kerobokan which were located in tourist destinations showed unhealthy conditions. So the researchers assume that the hegemony of the government can make a big contribution to the development of the LPD and the traditional economic life of customary manners. However, the reality turned out to be different from expectations because the LPDs in Kerobokan which were located in tourist destinations showed unhealthy conditions.

The data collected in this study are qualitative data, in addition to supporting quantitative data. There are primary data sources and secondary data (Sugiyono, 2007: 62). Primary data sources are people, hereinafter referred to as informants, while secondary data sources are literature, documents, or records related to the problem under study, for example the amount of assets, deposits, and credit. All data is taken from the local LPD, supported by data from PT BPD Bali, the Bali Provincial Government, and the Badung Regency Government. The data supports.

Informants in this study are those who are involved in LPD activities, both in Bali Province, Badung Regency, PT BPD Bali, LPD administrators and employees, traditional village heads, customers, or traditional village officials. The informants were selected purposively, meaning that the researcher obtained information from key persons who understood the LPD problems. In this case, the informants are the Head of the Finance Bureau and his staff (province), the Head of the Finance Section and his staff (regencies), the Compliance Director, the Head of LPD Management, and related departments (at PT

BPD Balid). In the Kuta and Kerobokan LPDs, the informants are the Head and Directors, Internal Supervisors, the Head of Credit, and the Head of Operations and their staff. Researchers also collected information from the traditional bendesa, kelihan banjar, as well as community leaders in their respective customary villages. Informants were also chosen accidentally, meaning that the researcher obtained information from customers who made transactions at the LPD. With these data sources, it is hoped that comprehensive data will be obtained.

The data collection method used in this study is the non-participant observation method. The non-participant observation method is a method of collecting data by means of direct observation or observation of existing data where the researcher is only an independent observer. Thus, the researcher came to the place where the person was observed, but was not involved in the activity. Researchers observed the meetings between the government and the LPD, the coaching and training models provided by PT BPD Bali to LPD members, and the service activities of LPD officers and customers.

Selected informants who are asked to answer prearranged interview questions to help the interview run smoothly. Likewise, the information gathered is not limited to what they say; comprehensive exploration was carried out. Furthermore, to assist in conducting in-depth interviews interview guidelines are used.

Documentation is a data collection technique with observational observations where the researcher is not directly involved and only as an observer. Documentation study is a data collection technique that is carried out by searching for data in the form of notes, documents and transcripts regarding LPD; these notes were studied to supplement observations and interviews. Documents reviewed include the Bali Provincial Regulations, Governor Decrees, PT BPD Bali Directors' Decrees, LPD development activities archives, and LPD development statistics.

Data analysis was carried out as a form of data collection starting until the final stage of preparing a research report. Data analysis was carried out descriptively and interpretively by organizing and sorting data into patterns and categories. Moleong (2002: 103) states that data analysis is intended to organize data. Data collected from in-depth

interviews, observations, and literature study in the LPD are in the form of comments, pictures, photos, documents, articles, and so on.

In qualitative research, data is obtained from various sources and is collected continuously until it is saturated. Analysis is carried out before entering the field, in the field, and after completion in the field. Data analysis for the preliminary study was carried out before the researcher entered the research field; they are linked to previous studies. Analysis was also carried out on various regional regulations in Bali Province, including books on LPD. The results of preliminary studies are used as the focus of research and will likely develop in the field after the researcher has started the research.

The data from qualitative research is descriptive in the form of a series of words, not numbers. Therefore, data analysis was carried out qualitatively not only to reveal a symptom, but most importantly to understand the symptoms. Qualitative analysis is based on words that are systematically arranged in the form of a text; This aims to organize, sort, classify, code, and categorize data. Furthermore, data analysis was carried out in three stages, namely data reduction, data presentation, and drawing conclusions; they are a unit that is carried out continuously during the research.

3 Findings and Discussion

3.1 The Effect of Government Hegemony on LPD Management

Economic Impact: LPDs in general have shown significant improvements; Since operating in 1985 until the end of 2015, LPDs have reached 1,379 units, of which 119 are in Badung Regency. The LPDs in Kuta and Kerobokan have been able to absorb funds or manners as a concrete form of hope that the LPDs can stand up so that their ability to absorb funds is channeled into credit.

LPD work practices are not much different from formal or informal financial institutions, it's just that the rules used in LPD are simpler and adapt to environmental conditions. Even so, LPDs are able to provide benefits to rural communities, namely (1)

provide services that are easier to adapt to the situation and conditions of the community, (2) provide services that are spread out and reach various business sectors community, (3) a portion of the LPD's profits can be directly used to fund customary activities, so that it is one of the Traditional Village business units, (4) supports economic development in various sectors in the village community (Partamawati, 2009).

Praise is also given to people who make offering offerings as a hobby as a legacy of skills, as was done by Ni Nyoman Ariani and Made Surami. These people told that they had been granted credit facilities for a long time, and the Kuta LPD credit officer, I Ketut Santika (interview, 15 April 2017) stated that Ni Nyoman Ariani had been a customer with a credit facility since 10 years ago. and he paid back all the loans well. In addition, Made Surami explained that credit from the LPD can help him develop his business, send his children to school, buy motorbikes, and even build a house. Good service is another added value of LPD Kuta. The LPD's strategy to help customers pay loans on time is to ask them to save every day, a kind of installment. Good service is what Krama likes most from the LPD so that people are able to buy things that are really needed. Ease of lending can be done with a recommendation from a customary bendesa, processed according to the credit team analysis procedure, and approved by the Head of the LPD, as stated by Ketut Santika. The credit decision remains in the hands of the LPD Head, as conveyed by Wayan Mustika as one of the LPD Kuta internal supervisors (interview, 15 April 2017). Ease of lending can be done with a recommendation from a customary bendesa, processed according to the credit team analysis procedure, and approved by the Head of the LPD, as stated by Ketut Santika. The credit decision remains in the hands of the LPD Head, as conveyed by Wayan Mustika as one of the internal supervisors of LPD Kuta (interview, 15 April 2017). Ease of lending can be done with a recommendation from a customary bendesa, processed according to the credit team analysis procedure, and approved by the Head of the LPD, as stated by Ketut Santika. The credit decision remains in the hands of the LPD Head, as conveyed by Wayan Mustika as one of the LPD

Kuta internal supervisors (interview, 15 April 2017).

The famous Kuta Art Market is always filled with foreign and domestic tourists; This market is advantageous seen from its location close to Kuta Beach. This is inseparable from the marketing mix theory which states that one of the successes in marketing is the location of the business. The Kuta Art Market was built by Kuta and most of the funds are the profits of the LPD, this was confirmed by Bendesa Kuta I Gusti Ketut Sudira (interview, 15 April 2017). There are 100 stalls at the Kuta Art Market with a variety of products. Tenants vary, mostly from Bali, as expressed by I Gusti Ketut Sudira in an interview on April 15, 2017, "Most of the tenants at the Kuta Art Market are krama Kuta." The products offered are handicrafts such as paintings, Balinese clothes, accessories,

The economic impact is also felt by Pakraman Village, because the people of Pakraman Village get loans to meet their business capital, consumption and other needs. The LPD provides an opportunity for the Pakraman village community to be able to develop their business in a certain amount of loan without collateral in material form, it is enough with a recommendation from the head of the local hamlet. So here the function of the LPD is the same as the function of a Micro Finance Institution (LKM), which is to help medium and small businesses in meeting the needs for business capital in rural areas, which generally do not have access to banking.

Social impact: In accordance with local regulations which stipulate that the LPD must give five percent of its profits in the form of social activities, making the LPD close to the karma of the customary village where the LPD is born. Various social activities as a form of strengthening social capital by LPDs in customary villages make it easier for the community to carry out various activities to learn various skills such as those carried out by LPD Kuta and Kerobokan. The two LPDs carry out social activities in the field of sports such as helping to become sponsors in volleyball matches between cadets / teruni, soccer between banjars, ping pong matches, and channeling youth talents in traditional Balinese arts. LPD Kuta has assisted traditional Balinese arts such as megambel, Balinese dance,

and mekawin as part of social service activities. The LPD provides a training venue for youth and financial assistance to dance teachers so that each participant can learn Balinese dance for free. The enthusiasm of the LPD in various competitions continues to be channeled through social funding assistance ranging from preparation to championships. This reflects that the LPD's social capital continues to be strengthened by establishing continuous communication and relationships with karma. However, the LPD must provide education about empowerment of small businesses, such as courses in making clothes or courses for rujak tipak sellers, and improve the standard of living of the community. The LPD also helped in making ogoh-ogoh (interview, 16 April 2017). The enthusiasm of the LPD in various competitions continues to be channeled through social funding assistance ranging from preparation to championships. This reflects that the LPD's social capital continues to be strengthened by establishing continuous communication and relationships with karma. However, the LPD must provide education about empowerment of small businesses, such as courses in making clothes or courses for rujak tipak sellers, and improve the standard of living of the community. The LPD also helped in making ogoh-ogoh (interview, 16 April 2017). The enthusiasm of the LPD in various competitions continues to be channeled through social funding assistance ranging from preparation to championships. This reflects that the LPD's social capital continues to be strengthened by establishing continuous communication and relationships with karma. However, the LPD must provide education about empowerment of small businesses, such as courses in making clothes or courses for rujak tipak sellers, and improve the standard of living of the community. The LPD also helped in making ogoh-ogoh (interview, 16 April 2017). such as clothing making courses or courses for rujak tipak sellers, and to improve people's lives. The LPD also helped in making ogoh-ogoh (interview, 16 April 2017). such as clothing making courses or courses for rujak tipak sellers, and to improve people's lives. The LPD also helped in making ogoh-ogoh (interview, 16 April 2017).

The above statement illustrates that the LPD has provided social assistance for routine matters such as sports and Balinese dance. However, it is

hoped that the LPD can do more to improve the skills of small businesses and provide courses to open various karmic business opportunities so that they become masters in their own customary village. Although Wayan Sadi has not yet produced an opinion, the Head of LPD Kuta invites customers to the LPD office to increase their business motivation.

The activities of the Kerobokan LPD in strengthening social capital are relatively the same as the LPD Kuta, such as supporting various sports and children's activities. The customary leader who is also a stakeholder in Kerobokan, Made Badra stated, "Since the beginning this LPD has been helping karma in the form of social activities, helping cadets, but in my opinion there are still many outsiders who run their business here. . If possible, the LPD should provide more business assistance so that the village develops and karma is able to improve business skills "(interview, 17 March 2017).

Made Badra revealed that the LPD has been carrying out social activities for a long time and the benefits have been enjoyed by the community, especially teenagers, but Made Badra is worried about the large number of immigrants from Bali doing business in Kerobokan. This is because Kerobokan is a tourist area and hosts many restaurants, malls and furniture sellers from outside Bali. Thus it is hoped that LPD social activities will be more directed at empowering karma to increase competitiveness. The large number of migrants in Kerobokan was confirmed by Bendesa Adat, AA Kompyang Sutedja (interview, 18 March 2017).

Cultural Impact: Organizational culture is a habit that occurs in an organizational hierarchy that represents behavioral norms and is followed by members in the organization, so organizational culture provides a psychological atmosphere for all members, how they work, how to relate to superiors and colleagues and how to solve problems. is a form of culture that is unique to every organization.

Anggriawan (2015) conducted research at the LPD in Badung Regency by showing the results of Organizational Culture having a positive effect on LPD Performance. Organizational culture has a positive effect on LPD performance in Mengwi District. This shows that there are Village Credit Institutions organizations in

obeying existing regulations and norms that will strengthen stakeholder confidence in the Village Credit Institution, so that the company will indirectly try to improve its performance to add value to the company.

3.2 The Meaning of Government Hegemony in LPD Management

Religious Meaning: The entire human resources of the Village Credit Institution in Bali are Hindus. The values of Tri Hita Karana were adopted by the Balinese people in forming Awig-awig. These Awig-awig regulated LPD operations very tightly so that the violation of these Awig-awig had fatal consequences. As an illustration, if the debtor does not pay off his credit obligation for 3 (three) consecutive months, the LPD is categorized as light arrears, as the sanction is that the residents are not allowed to attend prayers at Khayangan Tiga Temple (Village Temple, Dalem Temple and Puseh Temple). This sanction is very feared because the offender cannot pray at the temple asking for safety before the Creator.

Meaning of Cultural Resilience: The government's efforts to make traditional villages as a bulwark in defending Balinese culture were manifested by regulating LPD profits. Profits at the end of the year are managed in the form of social funds. The use of social funds from the Kerobokan and Kuta Traditional Villages LPD is manifested in the form of menyame braye, a family concept rooted in Balinese tradition. Prioritizing tolerance between fellow humans, practicing togetherness in completing a job. The spirit of manners is manifested in completing tasks given by the group leader, such as cutting and preparing ceremonial materials during the prayer process. This activity is carried out in the morning before working hours start and end at around 07.00, so that the man who works in the office can leave the house after that.

The expression of manners above shows hope in relation to LPD activities. Krama has already felt the benefits of the LPD, so they pray that the LPD will be more prosperous or be able to improve its performance so that the benefits can increase. A further influence is certainly able to provide a greater contribution to the traditional village to complete the ceremony.

The launch of a social fund for the activities of teruna teruni in making ogoh-ogoh in two traditional villages, Kuta and Kerobokan, reflects moral support for future generations to protect Balinese culture. Ogoh-ogoh as the embodiment of Bhuta Kala is expressed in the art form of creativity. The development of the art of creativity in the local culture of young adults and children in making ogoh-ogoh is the LPD's support for the resilience of Balinese culture. The inseparable support from kelihan banjar is shown by the willingness to write down a request for financial assistance for making ogoh-ogoh for two million rupiahs; It can be resolved and paraded around the village at night before Nyepi Day. LPD support was delivered by the Head of the Kuta LPD and the Head of the Kerobokan LPD through social funds.

The resilience of Balinese culture is represented by the enthusiasm of the younger generation to learn gong and dance; LPD-funded teacher assistance demonstrates a concern for local culture. Kuta as a tourist area cannot be separated from changes due to modernization. The number of star hotels and entertainment venues such as karaoke, discotheques and cafes is a serious threat to the young generation in the two traditional villages. The LPD's efforts to encourage young people to love tradition can be interpreted as revitalizing Balinese culture amidst modernization.

Meaning of Welfare: The LPD has existed for a long time in two traditional villages; Various products have been created to absorb manners funds to be deposited in the LPD and this certainly provides an opportunity for the LPD to distribute it to those in need. The LPD acts as an intermediary, an activity that acts as an intermediary between the owner of funds and those who need funds; This makes the LPD an institution that requires an organizational structure.

Both the Bali Provincial Regulation and the Bali Regency Regional Regulation regulate the organizational structure of the LPD by involving the LPD and supervisors from customary villages. The LPD management consists of the Head of the LPD, a secretary, and a cashier to facilitate the division of work so that the work plan can be carried out properly and the organizational structure is filled with appropriate workers. The source of labor is determined based on the results

of the traditional village paruman by emphasizing that the Head of the LPD must be a native of the customary village. The results of paruman according to the Bali Provincial Regulation give the LPD Head the flexibility to recruit workers from customary villages and the requirements or procedures are conveyed to the LPD Head.

To ensure the economic welfare of LPD administrators and employees, according to Ni Wayan Netriani as Administration of the Kuta LPD, the LPD's gross profit is taken. Gross profit is deducted by 20 percent and distributed to the management by 60 percent, employees at 40 percent, and honorarium for the supervisory body (nine people) each Rp. 500,000.00. At the end of the year, management and employees will receive production services amounting to 10 percent of net income and distributed to the management by 20 percent, employees by 75 percent, and the supervisory agency by 5 percent (interview, 23 April 2017).

Information from the LPD management agency shows that there are similarities in the payroll and incentive systems. The minimum salary received by management and employees each month follows the Regional Minimum Wage. If funds are taken at 20 percent each month of gross profit, much of that is left to save in savings, and distribute at the end of the year plus production services.

Kramawelfare is increased through the realization of a work plan, namely the provision of credit to support the economy of customary villages. For Kuta, credit is given to small traders at the Kuta Art Market; That way, local people can improve their economy and standard of living.

Economic development in Kerobokan has not fully followed the provincial regulation that credit can only be given to krama. This complicates the management of the Kerobokan LPD due to excess liquidity due to high public trust in saving funds in the LPD. Loans disbursed to non-boarders in the form of mini markets and cargo delivery services still have an economic impact by absorbing local workers. The various guarantee contributions and obligations imposed by customary villages on business owners are used by indigenous villages to strengthen their financial capacity - Boudieu calls it economic capital.

It seems that the existence of LPDs in Kuta and Kerobokan has an impact on the absorption of

local labor, and ultimately is able to increase the financial capacity of each individual so that they are able to meet domestic consumption needs. Sustainable business because various developments in customary villages are able to accelerate the circulation of money through transitional instruments so that the business unit can make a profit, and in this activity the traditional leaders collect security money and other mandatory fees. This action according to Habermas (in Hardiman, 2015: 100) is called a communicative action that emphasizes aspects of agreed norms based on mutual expectations between interacting subjects.

3.3 Reflection

The government's hegemony in LPD management was originally a program of the Bali Provincial Government in an effort to alleviate the practice of moneylenders that developed in Bali, due to the difficulty of accessing the public with commercial banks due to strict bank requirements. Development as an economic driver is directed to complement tourism facilities in that Bali as a tourist destination is able to provide comfortable and safe destinations for tourists. However, the rapid development as part of modernization can lead to negative excesses for the Balinese people, so that the customary village as a customary institution is expected to be able to ward off these negative excesses. This requires a lot of funding and the source of funding is the LPD. The LPD belongs to the customary village even though the capital comes from the Provincial Governments of Bali and the Badung Regency; they have been able to contribute to the development of customary villages, but so far the funds have been concentrated on physical development, while efforts to counteract the negative excesses of modernization, according to the author, must be on improving the quality of human resources. . The social funds managed by the LPD are used for sports, rituals, and some assistance in the physical completion of routine activities. Funds should also be used to improve manners skills and answer the needs of the market economy. The social funds managed by the LPD are used for sports, rituals, and some assistance in the physical completion of routine activities. It would be better if the funds were also used to improve manners skills and answer the needs of the market economy. The

social funds managed by the LPD are used for sports, rituals, and some assistance in the physical completion of routine activities. Funds should also be used to improve manners skills and answer the needs of the market economy.

Developing skills to answer economic needs, of course, requires economic capital support prepared by customary villages through simple technical requirements that are easily accessible to krama; Ease of access must adhere to the principle of prudence in the management of LPD funds so that guidance and supervision is needed. Lack of attention to business development is, of course, inseparable from the quality of human resources in the LPD, so that improving the quality of human resources in LPDs needs to go through various trainings both inside and outside the district together with other LPDs to establish communication links between LPDs. employees at the same time.

At the top level, there has been communication between the Head of the LPD called the LPD Cooperation Agency (BKS LPD), but this forum is limited to discussing routine LPD issues. The current challenge for the LPD is that it is difficult to manage excess liquidity because there is no mechanism yet. An institution that regulates, records, and imposes sanctions on LPDs can be formed if there is default on the agreement that has been agreed between LPDs.

It seems clear that the Bali Provincial Government cannot impose sanctions on the Badung Regency which sets its own regulations for the LPD, although technically the LPD operational guidance is still carried out by the General Guidance formed by the Province of Bali. The powerlessness of the Provincial Government provides opportunities for other districts / cities to issue perda on LPD. Although regional autonomy causes each district / city to issue regional regulations, this can be a problem as LPDs are found in 95 percent of all customary villages; The LPD is a trustworthy institution, so a critical issue regarding the LPD will make manners and non-manners reluctant to save their funds in the LPD.

Another critical issue is related to the reluctance of the Governor of Bali, I Made Mangku Pastika, to comply with the Joint Decree (SKB). of the three Ministers of the Republic of Indonesia who received support from members of the DPRD. However, if the Microfinance

Institution Law (LKM) has been passed, the LPD must establish its legal entity and impose a tax on public savings. This makes LPDs no different from commercial banks and BPRs so that the LPD's competitiveness is no longer there. This complicated condition can be overcome by complying with the MFI Law and the LPD needs to remain under the Perda as long as it has not been granted legal entity status. Over time, the advantages and disadvantages of following the MFI Law will be revealed.

The legal umbrella for the LPD at this time is Provincial Regulations and District Regulations which emphasize that granting credit to krama still faces obstacles in the field. The LPD's reluctance to provide unsecured credit was caused by a change in the attitude of manners in the heterogeneous atmosphere of the Kuta and Kerobokan tourism areas. To overcome this problem, LPDs can work together with the banjar in their respective customary villages. The LPD can involve the banjari's distribution in the distribution and payments made at Sangkep Banjar every period, thus the LPD's goal to advance the standard of living and encourage economic growth can be realized.

The LPD can plan the economic growth of customary villages every year towards the end, prepared by management to be used as a reference for next year. It seems that the planning made by management has monotonous risks, so it is necessary to sharpen the credit target of the business unit that is the target of development. Thus, the credit sector will be dynamic every year even though the target is not rigid; flexible targets are adjusted to field conditions and the economic progress of customary villages will grow in line with the credit being disbursed. Lending with a clear composition at the beginning of the year provides an understanding for officers to look for customer prospects or credit. Loan officers must have the ability to read the market; They should not wait for customers to come because at this intense level of competition, various financial institutions such as commercial banks have entered the villages and BPRs attacked with various competitive interest rates. The advantages of the LPD are now clear, owned by traditional villages, and must be used optimally to win competition between financial institutions in customary villages.

3.4 New Findings

This study found several things related to government hegemony in the management of LPD in Badung Regency, as follows:

1. The involvement of the Bali Provincial Government in driving the Balinese economy by utilizing traditional institutions that already exist in Bali as cultural heritage; traditional institutions known as adat villages. To be able to carry out this hegemony, an instrument called a government regulation on Village Credit Institutions (LPD) was created. The government regulation regarding the LPD is inseparable from the existence of regulations in Pakraman Village, the LPD is proven to be able to empower the karma of the Pakraman village. With the existence of the LPD, it is hoped that Pakraman Village will be able to improve village karma skills in an effort to form an entrepreneurial spirit. The basis for LPD regulation refers to Article 18 of the 1945 Constitution that the state continues to protect the customs that develop in society and then regional autonomy gives authority to the regions to manage their resources. The Government Regulation on LPD has been amended from Governor Decree No. 972/1984 to become Bali Provincial Regulation No. 2/1988,
2. The LPD in Badung is growing rapidly, especially in the South Badung area as a tourism area; This is one of the reasons for the Badung Regency Government to refuse to deposit LPD profits to be used as LPD funding in Bali Province. For this reason, Badung issued Badung Regency Regional Regulation Number 19 of 2001 concerning LPD. Badung's rejection continues despite good formal approaches such as formal and informal meetings between officials from Bali Province and the Bali DPRD and Badung Regency officials. However, other districts / cities in Bali Province did not follow what Badung Regency was doing. The actions of the Bali Provincial Government and the Badung Regency Government reinforce Foucault's opinion that the power is distributed and various regulations on the LPD show the powerlessness of the marginalized over government power and there are various struggles for capital; it also supports Boudieu's claim that agents compete for resources on the ground.
3. The involvement of the Central Government of the Republic of Indonesia in MFI business activities began with the drafting of the LPM Law; This has an impact on the existence of the LPD as one of the MFIs recommended to change its status to Village-Owned Enterprises (BumDes), cooperatives, and BPRs. The involvement of the Indonesian Central Government was stated in the Joint Decree of the three ministers and the Governor of Bank Indonesia. There seems to be an attempt to equalize business units operating in financial institutions that are trusted to accept public savings and provide credit to the public to encourage economic growth. The institution is ordered to become a legal entity by considering the risk of activities carried out by MFIs that are not yet legal. These risks include bad credit risk, operational risk, legal risk, business risk and interest rate risk.
4. Legal risk creates a new phenomenon in PT BPD Bali as the technical leader of the LPD in accordance with the Decree of the Governor of Bali Number 344 of 1993; currently facing a dilemma in an effort to help LPDs that experience a lack of funds to be assisted in the form of credit. The difficulty for PT BPD Bali is that the LPD is not a legal entity - if PT BPD Bali provides credit to the LPD, it violates Bank Indonesia's provisions. On the other hand, the LPD must deposit its excess liquidity at PT BPD Bali so that there is an imbalance in service.
5. This imbalance made the LPD heads violate the rules to save their excess liquidity at PT BPD Bali. The Heads of the Kuta and Kerobokan LPDs chose a profitable principle. If the PT BPD Bali interest rate is higher than the interest rate of a commercial bank or other financial institution, the LPD will save at PT BPD Bali, but if the PT BPD Bali interest rate is lower than the interest rate for commercial banks or other financial institutions. The LPD will save at institutions that offer higher returns. The

actions of the Heads of the Kuta and Kerobokan LPDs were rational and profitable.

6. The level of community trust in saving at the Kuta and Kerobokan LPDs shows the trust of krama and non-krama to save funds in institutions owned by customary villages by adhering to the principle of collective ownership in customary villages. This can be seen from routine transactions carried out by the community in customary villages and other villages. High public trust leads to high deposits of funds, which leads to excess liquidity. To solve this problem, the Head of the Kuta and Kerobokan LPDs offered credit to non-krama even though this violated the provisions set by the Badung Regency Government and the Bali Provincial Government.
7. Managing the source and use of funds is a fund management skill that can either benefit or harm the LPD. Losses for the LPD are very dependent on the management because those who make work plans - these plans, after obtaining approval from the paruman, are forwarded to the district head for recommendations. Work steps follow the plan; This is in accordance with management principles that emphasize planning, organizing, driving, and controlling. Plans that have been approved by paruman are conveyed to all employees to be implemented. In its implementation, the internal supervision is chaired by Bendesa Adat Kuta and Kerobokan, but it seems that they are not supervised by experts in the field of accounting. Therefore, the LPD must invite external supervision to audit financial activities. External supervision has been carried out by a team from Badung Regency together with PLPDK and PT BPD Bali staff. The team from Badung Regency who visits twice a year makes the LPD carry out external supervision with the support of experts, so that the transparency of LPD management can be upheld.
8. The person in charge for the progress of the LPD has emphasized the concept of ngayah as a form of service in accordance with Balinese culture; This is an attitude of life that is willing to carry out its obligations and has not claimed rights in return for the achievements given to

the LPD. The management of LPD Kuta has served for more than 10 years. In the Kerobokan LPD, there was a change in the position of chairman in 2015 - I Gusti Ketut Suwitra, who was previously elected secretary as chairman. The absence of regeneration in LPD management has made it difficult to develop human resources. The LPD leadership pattern is in contrast to the modern leadership pattern which prioritizes transfer or rotation.

4 Conclusions and Suggestions

The Village Credit Institution (LPD) is an autonomous traditional financial institution whose establishment is based on local policies, namely regional regulations and local village awig-awig. The impact of government hegemony in managing the LPD can be seen in economic development in both traditional villages such as Kuta, Kerobokan and Pakraman. Loans extended to krama and non-krama in the two LPDs, and the amount of credit to non-krama are relatively small, less than 10 percent of the amount of credit extended to customers. Credit in LPD Kuta is more directed to small and medium traders and has been able to help them meet their household needs and increase their savings in the LPD, while in the Kerobokan LPD it is given to middle and upper middle enterprises. Credit risk is indeed a threat to LPD health, however, these two LPDs have a way of dealing with bad credit. In the Kuta LPD, the handling of bad credit involves the prajuru even though it has not yet reached customary sanctions, while in the Kerobokan LPD, the handling of bad credit relies more on the LPD's ability considering the large number of banjars in Kerobokan. The Kerobokan LPD has partnered with Braye in dealing with bad credit and collateral selling is only done as a last resort. It seems that the differences between customers' businesses supported by LPD credit have provided work space for customary villages. The LPD's profit contribution is able to increase the social activities of Kuta and Kerobokan in the form of sports, while the cultural impact is seen in the efforts to attract young cadets and elderly people in traditional villages to preserve Balinese culture. While the LPD's contribution to Pakraman Village, namely the Pakraman Village community,

has succeeded in building entrepreneurship, it needs to be continued and even developed in creativity and product innovation and it is hoped that it will continue to strengthen the foundations of Hinduism, customs, and culture. The struggle for power by the Bali Provincial Government and the Badung Regency Government is an effort to fight for hegemonic power among the rulers so that the dependence of traditional villages and the LPD as a source of financial strength is getting stronger.

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