

## SOCIO-ECONOMIC STRENGTHENING STRATEGY OF LPD TUKAD MUNGGA TRADITIONAL VILLAGE, BALI PROVINCE

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### ABSTRACT

LPD Tukad Mungga can be considered in improving and supporting the surrounding community's economy through an entire work program that is understood by all villages and indigenous villages on the island of Bali. The main goal of the Tukad Mungga Traditional Village LPD is to strengthen the economy of indigenous villages, increase the independence and welfare of indigenous villages, and maintain the resilience and sustainability of Balinese culture based on the Tri Hita Karana philosophy (Parahyangan, Pawongan, and Palemahan). Analysis SOAR, loan asset ratio (LAR), loan deposit ratio (LDR), and return on equity (ROE) show that the lpd of tukad mungga indigenous village that thrives has been proven to improve the economic development of indigenous villages, increase capital and large LPD assets. Effective special strategies in the socioeconomic strengthening of indigenous villages in Bali Province have become a buffer for the growth and development of Balinese culture, providing donations and social assistance for the development of indigenous villages. Meanwhile, leadership, optimism and consistency of managers, customer trust, and IT-based services have increased the financial effectiveness of lpd tukad Mungga traditional village. This means that for back up finance, LPD is superior and chosen by customers, especially small and micro-entrepreneurs in their business when compared to formal financial institutions, so that the entrepreneurial spirit and living standards of the community can be encouraged and improved through funding from the LPD of tukad Mungga traditional village.

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### 1. INTRODUCTION

Rujito's statement, 2003 stated that the socio-cultural conditions of the community greatly affect the growth and development of financial institutions in an area, to be able to optimally drive the economic activities of the region by meeting qualifications such as the breadth of the network owned, the smooth flow of payment transactions (payment gateways), and the fulfillment of the needs of local governments and local communities.

Krama desa adat has proven and felt the benefits and existence of LPD as an institution that can help the level of indigenous villages in terms of eradicating ijon, dark pawns. This shows the added value and superiority of LPD compared to conventional bank financial institutions in supporting small and micro-entrepreneurs.

Furthermore, the traditional village has a customary village usaha which is engaged as a credit institution and is called Lapda Pacingkraman Village (LPD) is domiciled in the wewidangan of the traditional village. Although the LPD of tukad Mungga traditional village as a village credit institution based on customary law, its management is carried out modernly. Tukad Mungga traditional village LPD continues to experience very prominent growth and development and can become an institution that collects and distributes (intermediation) funds for the pekraman village community in Bali, where the initial capital owned in 1994 amounted to Rp. 2,500,000, - to Rp. 111,823,297,351, - in 2019.

Strategy is a technique or way to win in a battle or competition. Kotler (2008:25) mentioned that strategy development is carried out to develop and maintain the harmony of the company's goals and resources with market opportunities that continue to change. It is expected that there will be a congruence between the growth of the company and the increase in profits. Milles and Snow's (2003) mention that

organizations that successfully use strategies to adapt to the environment of competitors will go through several stages of strategy.

Lapda Pacingkremen Desa is a Village Credit Institution (LPD) that carries out and manages the functions and financial resources owned by indigenous villages in the form of savings and loans that will be used to finance the living needs of indigenous village communities, both individuals and groups. This means that as a financial institution, indigenous villages are assisted by LPD in carrying out and developing their cultural functions by adhering to the values of family and cooperation. Thus, indirectly LPD will be owned and supervised by indigenous village communities.

Strengthening the economy is an increase in productivity and competitiveness that must be carried out sustainably. Forms of economic strengthening include inclusive financial services deepening and structural reforms to increase economic independence and not waver as a result of global changes. Budimanta, 2019 mentioned that economic stability can be realized through the application of nawa principles in the development of a planned universe based on the Pancasila Economic System, Transformation from colonial to national economy, an independent mentality, development based on the potential of local resources and culture, a The relationship between the central government, provincial governments, district/city and village governments, active government and siding with the weak community, provides employment.

## 2. METHOD

The method used is a descriptive qualitative method, The qualitative method is used to formulate symptoms, information or statement regarding strategy, socioeconomic strengthening through LPD Tukad Mungga Village. This method describes the actual state of affairs by collecting data and interpreting the formulated problems.

Sugiyono (2013) mentioned that qualitative research methods are based on post positivism philosophy, which tests the state of natural objects. Data collection is carried out by triangulation techniques (combinations). The data is analyzed with inductive / qualitative techniques, and the results of qualitative research are emphasized on significance, rather than generalization, where after obtaining data in the field, the preparation of general arguments is carried out, analyze and describe problems with actual situations systematically, factually and accurately so that an overview of the problem can be drawn and its relationship with the phenomenon that occurs so that conclusions can be drawn from the existing problem.

As for describing the LPD strategy of the Tukad Mungga traditional village in the form of strengths, aspirations, opportunities, and results, it is used by the SOAR analysis popularized by David Cooperrider, 1995. The SOAR model analyzes internal factors in the form of strength, opportunity, external factors in the form of aspiration and results to be achieved. The strength, opportunity and aspiration factors assessed in this analysis model can generate positive feelings for other members of the organization, thereby increasing the motivation to do their best. Meanwhile, socioeconomic factors were analyzed using LAR (loan asset ratio), LDR (loan deposit ratio), and ROE (return on equity).

## 3. RESULT AND DISCUSSION

As a village financial institution, Lapda Pacingkremen Desa (LPD) Tukad Mungga serves members of all indigenous villagers in the Tukad Mungga traditional village environment to meet the needs of funds or loans for the lower middle class in business development and household consumption so that it is expected to increase village wealth and improve the living standards of rural communities, and ultimately can succeed development and economy.

Based on the grouping of factors in the internal quadrant (strengths and aspirations) and outer quadrant (opportunities and results) a SOAR analysis was carried out, resulting in 4 (four) LPD strategies in strengthening the socioeconomic krama of tukad Mungga traditional village as follows:

1. Tri Hita Karana Philosophy and Perda Number 4 of 2019 concerning Traditional Villages in Bali.

LPD's manifestation of Balinese customs that refer to Hindu teachings, namely Tri Hita Karana, includes:

- a. Devotion to Hyang Widi Wasa / God Almighty
- b. Togetherness, care, and solidarity/solidarity between people and others, and
- c. Harmony, harmony, and compassion for nature and the environment.

The values of Balinese local wisdom contained in Tri Hita Karana contain 6 (six) main sources of well-being and happiness in the life of the Balinese people (Sad Kerthi), namely the purification of the soul (adma kerthi), the purification of the sea and its beaches (Segara kerthi), the purification of water sources (Danu kerthi), the purification of plants (wana kerthi), the purification of humans (jana kerthi), and the

purification of the universe (jagad kerthi). Parahyangan is carried out by the awig-awig of the traditional village in maintaining the harmonious relationship between the traditional village krama and Hyang Widi Wasa in the village kahyangan bond or kahyangan tiga.

## 2. Leadership, enthusiasm and optimism of managers

As one of the microfinance institutions in Bali Province, the LPD of Tukad Mungga traditional village has grown rapidly since its establishment in 1986 based on the Decree of the Governor of Bali Number 272 of 1986. As a microfinance institution with an initial capital of only Rp. 4,500,000, - currently in 2021 it has total assets of Rp. 86,707,762,000,-.

The Tukad Mungga traditional village LPD operationalizes glocalization management, which is modern banking management based on local cultural principles that can be seen in:

- a. Applying the cultural values of Hindu organizations including Tri Hita Karana and using the leadership principles of Asta Brata;
- b. Using human relations for LPD customers, namely a culture of serving by prioritizing relationships and cooperation based on brotherly relations, equality, mutual benefit, and mutual benefit;
- c. The enactment of traditional leadership in the LPD organization, although it is still required to work professionally.

## 3. Customer trust and Excellent Service

By Balinese custom, every indigenous villager is taught to carry out obligations in the form of village fathers (village duties) and obey and obey the regulations that apply to ancestral villages (awig-awig) such as upholding the good name of traditional villages and being honest.

Customary regulations are highly upheld and obeyed by every indigenous village community, so customary punishment is more feared than national legal penalties. Exile committed by an indigenous village against a person is the worst thing and must be avoided, so the indigenous villagers are very careful in carrying out their daily lives, including economic activities.

As LPD customers, people have obedience and discipline in paying their obligations by a predetermined period to motivate developing LPD and increasing trust in LPD as a microfinance institution. The management of this microfinance business uses simple systems and procedures based on family principles. This means that the management concept carried out by LPD shows the trust of indigenous villages as customers to LPD to increase the economic pace of the people in Bali.

### **Socio-Economic Strengthening**

Krama's trust in LPD as a non-banking financial institution that is so intense in paying attention to the economy is increasing. Of course, this trust must be maintained and further improved, because the most important thing about the existence of LPD is not only seen from its increasing turnover, but also its ability to survive and serve the community as well as possible, creating trust in krama, so that the existence of LPD Tukad Mungga can be taken into account, especially in improving and supporting the economy of the surrounding community, It doesn't need a grandiose program but rather an entire work program that all villages and indigenous villages can understand.

The development of LPD in tukad Mungga traditional village has experienced ups and downs since its inception in 1986, but since 1994 until now it has experienced significant growth. The Tukad Mungga traditional village LPD operates again with an authorized capital of Rp. 5,300,000 which comes from the assistance of the Governor of Bali for the recovery of LPD of Rp. 2,500,000 and receivables of Rp. 2,800,000. In 1995 with additional capital from the community, LPD was able to disburse loans to indigenous villages amounting to Rp. 27,403,000, and the following year 1995 by experiencing a 13% increase in loans to Rp. 30,882,000. This increase occurs every year until the end of 2016, but starting in 2017 profits and loans disbursed decreased every year where loans disbursed at the end of 2019 were only Rp. 60,744,707,000,- with a profit generated of only Rp. 2,323,954,000,- when compared to the profit in 2016 of Rp. 4,667,007,000,- with asset ownership worth Rp. 175,856,658,000,- in 2016 it became Rp. 111,823,298,000 in 2019.

Looking at the average loan asset ratio owned by LPD Tukad Mungga for the last 4 years, 57.13% shows that LPD Tukad Mungga's ability to meet credit requests (loan funds) using total assets owned on average of 57.13% annually means that LPD Tukad Mungga can meet loan/credit requests of 57.13% of its assets.

The results of the data process obtained an average loan to deposit ratio (LDR) for 4 years at LPD Tukad Mungga of 67.79%, showing that the ratio of the total amount of credit or loans provided by LPD Tukad Mungga was sourced from community funds or indigenous villagers on average 67.79%. Furthermore, if you look at the average return on equity in LPD Tukad Mungga 2.24%, it shows that the

ability of assets or capital owned by LPD Tukad Mungga in generating profits of 2.24% or the profitability level of LPD Tukad Mungga can use productive assets of 2.24%.

The relationship between credit risk is inversely proportional to LAR, the increase in credit or loans given to customers will reduce the credit/loan risk that may arise, this is because the source of funds of 67.79% of the assets owned is given for credit so that LPD Tukad Mungga is considered effective in disbursing loans/loans to indigenous villagers in increasing the economic independence of their ancestral villages.

The maximum amount of funds that can be given or lent to customers in traditional villages is Rp. 200,000,000 and a minimum of Rp. 5,000,000 with an interest rate of 2%. Customers who do not pay loan installments for up to 3 months even though they pay interest will be given a Warning Letter I, and after 7 days later if they do not pay the installments will be given SP II, SP III (last) will be given the next 7 days. After being given SP I, SP II, SP III there is no installment payment by the customer, then 7 days later a summons is held to the customer concerned to find a solution related to the problem of late installment payment, if there is no meeting point then LPD will withdraw the guarantee belonging to the ancestral village.

Another provision that applies in LPD is that customers are required to save in the form of mandatory savings of 2% of the loan fund ceiling and will be returned after the loan is paid off without interest, while voluntary savings of not the amount are not set but can be taken at any time in exchange for 2% interest per year

#### 4. CONCLUSION

Tukad Mungga traditional village LPD is a very helpful alternative because it has several advantages when compared to formal financial institutions

The advantages possessed by the Tukad Mungga traditional village LPD such as a fast process, prioritizing vulnerable economic communities, a small percentage of loan interest, a repayment period based on the nominal amount of loans made using a declining interest system, and being able to apply for unsecured loans specifically for loans of a certain amount. In addition, various policies are applied in terms of customer conditions that experience problems in loan repayment, LPD provides relief services in the form of elimination of administrative fees, elimination of fines, reduction of interest rates and loan restructuring.

LPD Tukad Mungga shows the ability to support the strengthening of life not only in the economic field but also plays a role in empowering the community to overcome the fundamental problems of indigenous villages, namely education, health, and purchasing power, increasing profits, increasing profit sharing for indigenous villages and providing socio-economic strengthening in villages based on Tri Hita Karana's philosophies attached as a sar the formation of LPD Tukad Mungga and the consistency of IT-based managers as evidenced by a loan asset ratio of 57.13%, loan deposit ratio of 67.79% and return on equity of 2.24%, so that the independence of Lapda Pacingkraman Desa (LPD) Tukad Mungga was achieved.

The achievement of the objectives of the Tukad Mungga ancestral village LPD cannot be separated from customer trust in the Tukad Mungga ancestral village LPD in its function as a microfinance institution whose capital is obtained from ancestral villages which are then managed professionally by applicable regulations. This means that the Tukad Mungga traditional village LPD has achieved its functions and objectives in improving the economy, providing employment opportunities, and increasing community empowerment.

The economic independence achieved by LPD Tukad Mungga in Dharmajati Traditional Village is inseparable from the commitment and trust of indigenous villages to the management of Tukad Mungga LPD to manage and build LPD. This can be seen from the policies set together such as the Supervisory Agency that works during the 5 (five) year service period must have a high mentality, honesty and activity towards the development of LPD Tukad Mungga

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