



Journal of Arts & Humanities

Volume 10, Issue 06, 2021: 01-09

Article Received: 13-06-2021

Accepted: 25-07-2021

Available Online: 30-07-2021

ISSN: 2167-9045 (Print), 2167-9053 (Online)

DOI: <https://doi.org/10.18533/jah.v10i07.2129>

Implementation of *Sattvam, Sivam, Sundaram* Governance in Credit Institutions in Kedonganan Village, Bali

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ABSTRACT

Labda Pacingkremen Desa (LPD) is a financial institution belonging to a traditional village that is domiciled only in each traditional village in Bali. Initially established in 1984, LPD aims to help improve the economic capacity of indigenous rural communities independently. LPD has a more complex function in its development than a business institution that still has to make a profit. Still, on the other hand, it must be able to finance cultural activities because it is in direct contact with traditional villages. One interesting phenomenon, LPD continues to experience profit growth, despite having to carry out the dual mission. The purpose of this research is to find out and understand the governance practices of this institution. This study uses an anthropological approach that focuses on the philosophy and methods of managing *sattvam, sivam, sundaram* in LPD Bali, Bali Province. Data were obtained through interviews, direct observation, and document studies. Interviews were conducted with *prajuru* (customary village leaders), LPD administrators, and traditional village communities. Research shows that LPDs have and implement holistic business governance practices, synergies between scale (physical/real) and Niskala (non-physical/belief) business governance. Scale business governance with general principles, namely openness, responsibility, accountability, fairness, and independence. At the same time, Niskala governance is the principle of *satvam, sivam, sundaram*.

Keywords: Village Credit Institutions, Traditional Villages, Business Governance, *Sattvam Sivam Sundaram*.

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1. Introduction

The Balinese indigenous people's traditional and cultural activities are no longer limited to the spiritual field, models of environmental conservation, and the government system, but also include the ability to increase the economy independently through a financial institution called *Labda Pacingkremen Desa* (LPD). LPD has the meaning of Village Credit Institution belonging to a Traditional Village which is domiciled in the territory of a traditional village.

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The condition for establishing an LPD is that it can only be established in the territory of a traditional village, which is defined as a unit of customary law community in Bali which has territory, position, original structure, traditional rights, own assets, traditions, manners of community life from generation to generation in a bond holy places, duties and authorities as well as the right to regulate and manage their household.

The definition mentions the existence of the ties of *Kahyangan Tiga* or *Kahyangan Desa*. The temples in each traditional village are the embodiment of this concept. So, it can be said that LPD is a financial institution owned by a traditional village that breathes Hinduism.

LPD, as a Hindu-based business entity, although it looks similar in technical governance, has a different function from financial institutions found in other indigenous communities in Indonesia, such as *Lumbung Pitih Nagari* (LPN) in West Sumatra or the Village Credit Agency (BKD) in Java Middle. The difference in function is carried out starting from the difference in welfare in the Balinese customary law community and the community outside the Balinese customary law community. Welfare in the context of the Balinese customary law community is not only outward/*sekala* (economic) but also spiritual/*Niskala* (belief). This is contained in the *awig-awig* formulation (rules that apply in a certain traditional organization) issued by the Bali *Pakraman* Village Council, which contains three objectives of the traditional village, namely: (1) *Ngukuhang miwah ngrajegang* Hindu religion (Strengthening and preserving Hinduism) ; (2) *Nginggilang prawertine magama* (Prioritizing religious procedures); and (3) *Ngerjegang kesukertan saha pawongannya sekala lan niskala* (preserving peace in the village and its residents, in real terms or faith).

To ensure the achievement of this function, LPD imposes restrictions on running a business so that it appears different from other financial institutions. Restrictions on business activities in question include (Sukandia, 2011):

1. The Traditional Village LPD can only be domiciled in the customary village area;
2. Customary villages that wish to have a Traditional Village LPD must have *awig-awig* and/or *pararem*;
3. The Traditional Village LPD cannot be owned individually, its ownership is communal, and the local customary village community carries out its management;
4. The Traditional Village LPD is not an individual capitalist institution that is oriented to the profit of the individual owner, but belongs to the community and is oriented to the common interests of the community so that the profit orientation is profit in the context of implementing the cultural mission of the Traditional Village;
5. The Traditional Village LPD only carries out operational activities for managing communal funds, not public funds. The Traditional Village LPD, in managing communal funds, can only collect funds and distribute them in credit to indigenous village communities.

The provisions for limiting the business are the implementation of the provisions of Article 7 of the Regional Regulation of the Province of Bali Number 3 of 2017 concerning Village Credit Institutions, regarding the LPD business fields, which include:

1. Receiving/collecting funds from customary village communities in the form of savings and deposits;
2. Provide loans to indigenous village communities;
3. LPD can provide loans to other traditional village communities on the condition that there is a cooperation between traditional villages;
4. Receive loans from financial institutions up to a maximum of 100% of the total capital, including reserves and retained earnings, except for other restrictions on the number of loans or support/funding assistance;
5. Store excess liquidity at a designated bank in return for competitive interest and adequate services.

The restriction on business activities then causes LPDs to be given two privileges by the government: (1) LPD arrangements are only based on the provisions of Regional Regulations and decisions of local customary village communities; and (2) LPD is not under the regulation of Bank Indonesia (BI) nor the supervision of the Financial Services Authority (OJK). Then, to strengthen the existence of LPDs, in 2013, the government issued Law Number 1 of 2013 concerning Microfinance Institutions (UU LKM). Article 39 Paragraph (3) of Law Number 1 of 2013 concerning Microfinance

Institutions (UU LKM) states that Village Credit Institutions and *Lumbung Pitih Nagari*, as well as similar institutions that existed before this law came into effect are declared to be recognized for their existence based on customary law and not subject to this Act.

The policy of applying customary law in LPD management needs serious attention. Because, in addition to providing a conducive space for LPD activities and existence in carrying out their functions, the enactment of the LKM Law requires existing LPDs to improve governance so that their position is clear so that the requirements as a financial institution based on customary law can be met. Such institutional governance should be structured in the form of *pararem* (a kind of technical guideline for the basic rules written in *awig-awig*) (Windia, 2014). LPD by referring to the teachings of the Hindu religion, which regulates business management and the agreement of each traditional village. The LPD *Pararem* contains governance arrangements that are specifically different from the governance of financial institutions in general because they must accommodate the dual mission of the existence of the Traditional Village LPD; on the one hand, as a pseudo-business institution that still has to earn a profit (without being trapped in a capitalist frame) because it is obliged to support culture from an economic perspective. Still, on the other hand, it must be able to display the characteristics of Balinese local wisdom, which is communal (socialist) (Sukandia, 2011).

2. Research methods

This research is empirical legal research based on the idea of studying the mechanism of enforcement and the philosophical application of *sattvam*, *sivam*, and *sundaram* in LPD business governance. This study emphasizes anthropological studies to obtain a complete and in-depth picture of the legal behavior of LPD administrators, traditional village officials, and Balinese traditional village communities. The research locations are the Kedonganan Traditional Village LPD, Kapal Adat Village LPD, and Dukuh Penaban Traditional Village LPD, which represent the characteristics of LPDs in South Bali, Central Bali, and East Bali.

The research approach used is ethical and emic. The emic approach is used to answer the first problem to find the meaning of the philosophy of *sattvam*, *sivam*, *sundaram* for Balinese indigenous people, which is then applied in business governance in LPD. The emic approach is carried out by in-depth interviews with traditional Balinese community leaders, Balinese Hindu religious figures, and figures involved in the Bali LPD.

An ethical approach will be used to discuss issues regarding the application of *sattvam*, *sivam*, *sundaram* in business governance in LPD. The ethical approach is carried out by observing and studying documents.

3. Result and discussion

Balinese indigenous peoples have different welfare contexts with communities outside the Balinese indigenous peoples. Welfare in the Balinese customary law community is not only external (*sekala*), but also spiritual/belief (*Niskala*) aspects. Welfare on a scale of *Niskala* according to Hindu teachings must be obtained through the means of virtue (dharma) "*Moksartham Jagadhita ya ca iti Dharma*". LPD is the only business institution that can provide welfare according to Hindu teachings adopted by the Balinese customary law community.

According to Ketut Sudantra and Wayan P. Windia, Balinese customary law is legal norms that bind and regulate the social life of the Balinese people, in the form of unwritten law and written law originating from the traditions and customs of the Balinese people, which are then known as *destra*. Based on the source, *destra* can be grouped into four, as follows (Windia & Sudantra, 2006):

1. *Sastra destra*, which is a habit that comes from Hindu religious literature. Hindu religious literature in which there are legal and ethical arrangements in social life. *Lontar Empu Kuturan* states that "*the traditional village is winangun dening Sang Catur Varna manut linging Sang Aji*", which means "*Sang Catur Varna built the traditional village according to what is stated in the Vedic scriptures (Sruti)*". Therefore, the life of the Balinese traditional village community is regulated based on customary law sourced from Hindu religious literature. The highest source of Hindu religious literature is the Vedas which are then translated into several different books according to their guiding society.

2. *Desa destra*, namely customs rooted in the rules of the kingdom/government/state regulations. Bali is now a part of the Unitary State of the Republic of Indonesia, so to strengthen the rules of customary law regarding assets and finances, it must also pay attention to the legal aspects of the state.

3. *Loka destra*, customs originating/applicable in certain areas, and

4. *Kuna destra*, habits passed down from generation to generation.

The Balinese customary law, which until now is still obeyed by the traditional village communities in Bali, is dynamic, flexible, and based on local customs. The rules adapt to the culture, environment and are passed down from generation to generation, and indigenous peoples obey the rules. LPD as a traditional community institution in Bali Province, is not only to support people's lives in the economic field but also a mission to maintain cultural life. Therefore, LPDs based in traditional villages also have religious values in their operations (Nurjaya, 2015) and fulfill the elements *sastra destra*. Furthermore, LPDs are required to compile their institutional governance through their respective customary village agreement meetings (*paruman*) as a fulfillment of the elements *loka destra*.

Hindu religious values and Balinese customs were then elaborated into a business concept adopted by the LPD, namely the *sattwam*, *siwam*, *sundaram* principles. First, *Sattvam* means equality. It is hoped that all parties have the same belief in the LPD, namely Hinduism. Equal belief is essential so that both parties will understand the LPD's vision and mission, which is carried out based on *dharma* (benevolence); Second, *Sivam*, means harmony. The interdependence between LPDs and indigenous village communities forces everyone's full involvement and attention to maintain and preserve LPDs to assist indigenous peoples in sustaining their customs and culture from an economic perspective; The third, *Sundaram*, is an attitude of service. These three principles are interpreted from the basic ethical framework of Hinduism regarding ethics or rules of good and noble behavior in building a Hindu business entity. This basic framework is stated in the *Canakya Nitisastra Sloka XVII* which reads "*Paropakaranam yesam Jagarti hrdaye satam nasyanti vipadas tesam sampadah syuh pade pade*" which means if humans always try to think about the interests and happiness of others, then humans will be spared from all difficulties and in their endeavors those who run will get good luck (Nurjaya, 2015).

To create a healthy financial institution, the National Committee on Good Corporate Governance (GCG) issued GCG guidelines important for financial institutions to pay attention to in implementing corporate governance in Indonesia. Five general principles are known, namely, transparency, responsibility, accountability, fairness, and independence. The principles of GCG are also considered by the technical compilers of the governance of the Balinese Traditional LPD as a fulfillment of the *dresta* village element and to build the trust of the Indonesian government, that even though they are subject to customary law provisions and are therefore not under the supervision of the OJK, the Bali Customary LPD still adopts principles that are in harmony with the spirit and development of Balinese customs to maintain the stability of their health.

According to the Indonesian National Committee for GCG, the Bali LPD, which can harmonize institutional governance based on local wisdom and GCG, has existed since its inception with an average capital of only 2 million rupiahs and currently has a total asset of 23,5 trillion rupiahs. Meanwhile, LPDs that only apply one of the governance principles tend to experience stagnation and even bankruptcy. This study finds and explores the implementation of the harmony that occurs with the following explanation:

1. Independence

Independence is a precise determination of the company's functions, structures, systems, and responsibilities so that the company's management can run more effectively (Emirzon, 2006). In its organizational structure, the LPD is expected to implement policies and strategies to achieve the goals set by the LPD. The current LPD organizational structure is increasingly complex to respond to the dynamic development of LPDs due to various influencing factors, such as regulatory changes, technological developments, product developments, and customer demands.

The simplest LPD organizational structure only consists of the LPD chairman as the LPD leader, an administration/bookkeeper, and a cashier. At the beginning of its establishment, an LPD was managed directly by the *Bendesa* as the highest leader in the traditional village. This decision was taken in several traditional villages considering the difficulty of finding *krama* who are willing to manage the

LPD. Krama was pessimistic with a capital of two million rupiahs and the experience of cooperative bankruptcy that was rife. The influence and charisma of the *Bendesa*, which is quite large for its citizens, is considered to create a good image for its citizens about the benefits of the LPD. *Bendesa* in Bali is a position that is highly respected and trusted by the community because a *Bendesa* is chosen with special qualifications. The following is an example of *Bendesa* qualifications in the Kapal Adat Village as stated in the *awig-awig* of the Kapal traditional village (*Awig-awig Desa Adat Kapal*, 2007):

“Bendesa Adat Kapal harus mawiwit saking krama, mayusha sakirang-kirang ipun 40 warsha, sampun marabian, cacep ring aksara Bali lan Latin, sanistan ipun wruh ring kecaping sastra Agama, tatas ring awig-awig miwah dresta desa adat Kapal, lan madruwe tata Susila sastra dresta (agama Hindu), makadi tan naen nglaksanayang gamya gamana lan sapanunggilanya tur nenten naen lempas ring dasar negara”

(*Bendesa Adat Kapal* must have the status of a *krama*, be at least forty years old and married, understand Balinese script and Latin script, have an understanding of Hinduism, obey *awig-awig* and the rules of the traditional Kapal village, and have good ethics based on Hinduism, and have never violated customary village and state law)

After experiencing development, even starting to exist in each traditional village (because at the beginning of the establishment, only one LPD was established in each district), LPD began to be managed professionally and independently. Therefore, since 1990 the *Bendesa* is no longer allowed to lead the LPD. Currently, LPDs are generally managed by a board appointed based on the results of traditional village meetings. The authority of the *Bendesa Adat* changed to the authority as the chairman of the LPD Supervisory Board with the help of two financial experts to ensure harmony with the traditional village. This policy was established to avoid mutual suspicion in the management of the LPD. In several cases in Bali, the LPD, whose management was still concurrently with the customary village apparatus, almost always experienced stagnation or did not show significant development. The progress of an LPD is determined by its management system, which is highly dependent on the resources of its management. The overlap in management is considered to provide less room for LPD management to manage the LPD independently and seems to be under pressure from *Paruman Desa Adat*.

2. Transparency

Transparency in the form of financial accountability by LPD managers to maintain government trust that even LPDs regulated by customary law still require complete accounting guidelines to accurately and transparently inform complex transactions in the LPD business. Therefore, the LPD is obliged to open itself to be audited by an external auditor (Public Accounting Firm) who presents the LPD's financial statements under generally accepted accounting principles. Generally accepted accounting principles include accounting conventions or practices commonly used and have the support of authorities in a country. Under the established accounting standards, the accountability made by Public Accountants only reports material information, is conservative in the face of uncertainty, emphasizes economic meaning rather than legal form, and is prepared with technical accounting terms that are sometimes difficult for ordinary people to understand. Information that is qualitative and facts that cannot be quantified are generally ignored.

This limitation was addressed by the presence of an internal auditor (Tim Perumus PAPI, 2008). Acting as an internal auditor, a Supervisory Board member chaired by *Bendesa Adat* ex-officio directly conducts an audit to assess the LPD. The results of the assessment of the condition of the LPD will be informed to the village community through regular meetings (*paruman*) inviting customary village officials (*prajuru*). Regular meetings by inviting customary village officers show that LPD respects and discloses information to indigenous village communities through their representatives. In meetings (*paruman*) with varying times, generally, quarterly, it is explained about the financial statements, discussions regarding problems faced by the LPD, and activities that the LPD has carried out. In addition, the meeting also discussed issues that developed in the community related to the LPD to increase public trust in the LPD. The community openly submits criticisms and suggestions as a contribution from the institution's owner to his institution. LPD is a customary institution whose management requires the full unity of the community. LPD health is not only based on profit as

measured by numbers. However, the enthusiasm of indigenous peoples to unite to improve the quality of the LPD is because they have felt unlimited benefits.

The participants held the meeting after the sound of the *kukul* sounding the call for the meeting. The beat of the *kukul* in each traditional village will vary according to the "information" conveyed. In the traditional village of Kapal, for example, if a *krama* dies, the *kukul* will be beaten three times; for married residents, the *kukul* will be beaten twice; and for meeting calls, the *kukul* will be hit repeatedly until the residents gather (it can also be a sign that the village is safe). The *awig-awig* of the traditional village of Kapal clearly obliges the *paruman* participants to wear light traditional clothing (t-shirts, *kamen*, and *selempot*). The meeting began with prayers at the Banjar Temple (*Linggih Ratu Bhagawan Pengarikan*).

Every traditional village that carries out the *Paruman* will generally carry out a series of *Niskala* rituals using the *Banten Cane*. *Banten Cane* means "betel served in a meeting". The actual use of the *cane* is only to complement the large-sized offerings, especially when the *Melasti* ceremony is upheld through *Pratima* or *Daksina*. However, in everyday life and related to meetings in traditional institutions, the existence of *Banten Cane* has a different meaning. *Canes* are placed in a special place or the middle of a meeting. The purpose of using *Banten Cane* is to request that the meeting obtain the expected results and that all decisions taken can be obeyed with full awareness (*Manacika Parisudha*). In addition, the use of *Cane* aims to remind that whatever the results of the meeting reached must be accepted with grace because it is the result of deliberation (*pamutus kautsahayang mangda sagilik saguluk*).

In this modern era, all the results of the traditional village *paruman* have generally been written down in the notebook. However, some do not write the results of the *paruman* or write them down but in a *lontar*. The traditional village of Dukuh Penaban is one of the villages that has this unique tradition. The traditional village officers of Dukuh Penaban will only write down the results of meetings that are considered important. The traditional village of Dukuh Penaban does not yet have written *awig-awig* and *pararem*. Every customary decision produced in a special *paruman* if there is a problem in the traditional village is presented in the form of a *lontar*. Recently, the traditional village of Dukuh Penaban made a papyrus that regulates the agreement of the traditional village of Dukuh Penaban in building the Dalem Temple in the traditional village of Dukuh Penaban, which is written in Balinese script and stored in a special box at the Lontar Museum Dukuh Penaban.

According to I Nengah Suarja (Bendesa Adat Dukuh Penaban) "The agreement was written on the *lontar* so that the agreement has a religious-magical value which serves as a *Niskala* reminder for indigenous peoples and their descendants to comply with the customary decisions imposed regarding the construction of Pura Dalem. To maintain the religious-magical value of the agreement, the *lontar* is only opened when there is an interest in renewing the contents of the *lontar*—for example, the addition of the parties involved. Therefore, the customary decisions written in the *lontar* in Dukuh Penaban are called *Pengeling-eling* (reminders)".

3. Accountability

Ebrahim stated that one of the key elements of accountability is identifying the interests of stakeholders. The better the identification process for stakeholder interests, the easier it will be to provide the form and direction of accountability that must be carried out (Ebrahim, 2004). In profit organizations, the form of accountability provided refers to the standards set by the competent authorities. In contrast to purely profit-oriented organizations, the Traditional Village LPD in Bali, which does not implement pure business, has stakeholders with very diverse interests. The socio-religious mission is even more important here. LPDs get dominant influence from traditional villages as LPD owners. In financial institutions such as LPDs, most of the issues faced are a combination of the two forms of organization. Business missions, such as maximizing profits and stakeholder welfare, often have to go hand in hand with social-religious missions in the form of traditional services and poverty alleviation for the poor (*sivam*).

4. Responsibility

Responsibility is the compliance of an organization to comply with laws and regulations in business management and contribution to society and the environment to run in the long term (Tim KNKG, 2006). LPD's responsibility to its owner is the implementation of the *Sundaram* principle as well as the *Tri Hita Karana* philosophy, regarding three ways to cause prosperity, namely: (1) religious responsibility (*parhyangan*), (2) economic responsibility (*pawongan*), and (3) social responsibility

(*palemahan*). The Kedonganan Traditional Village LPD is one of the LPDs capable of carrying out this complex responsibility.

Religious responsibility refers to the *Niskala* relationship between humans and the spiritual environment, which is the existence of humans as living beings who believe in God's existence. To achieve human welfare, maintain a harmonious relationship with the spiritual environment and is expressed by religious actions.

According to I Ketut Madra (Chairman of the Kedonganan LPD), it is not only mandatory to help build temples for people's prayer facilities in terms of religious responsibility. Furthermore, to be able to prosper the lives of the Stakeholders (religious leaders). We carry out that. The life needs of the Stakeholders, including the education of their sons and daughters, are trying to be fulfilled by providing scholarships by the LPD so that the Stakeholders can focus on serving the people, leading the implementation of *Yadnya* (holy sacrifice ceremonies). We even facilitate the interests of *Tirtayatra* (holy journeys); to Bali, Java, even India.

Economic responsibility means that the LPD is committed to providing the maximum benefit to the indigenous village community, expressed in various forms of concern to prove that the LPD is theirs. One of them is by providing credit assistance to open productive business sectors. LPD Kedonganan disbursed unsecured credit for constructing a grilled fish restaurant that is now well known to foreign countries. The disbursement of credit for the management of grilled fish restaurants classified as working capital credit has a clear goal to encourage the *krama* of the Kedonganan traditional village to empower themselves by developing their potential, namely coastal wealth. This program, in the end, succeeded in having a significant impact on the economy of the Kedonganan community. The multiplayer effect of this program is very high. It is not only those who manage restaurants who gain profits, other community groups such as fishermen, fish traders, transportation services, and even sellers of ceremonial facilities (*canang*, *banten*, etc.).

LPDs that have successfully carried out their economic and religious responsibilities are obliged to assist the government in alleviating poverty through various means. One of them is providing educational assistance to the surrounding community to raise the standard of living. The Kedonganan Traditional Village LPD has carried out humanitarian assistance as a form of LPD social responsibility through various scholarship programs for outstanding children, financing and providing facilities for arts and sports activities, and even public health care.

5. Fairness

The principle of fairness (*sattvam*) is expected to enable an organization to provide fair treatment in fulfilling the rights of stakeholders. The principle of fairness and equality is implemented in LPD Bali, serving customers by providing the same service to all customers regardless of social status.

According to I Ketut Madra (Chairman of the Kedonganan LPD) "The Traditional Village LPD provides equal employment opportunities for all Indigenous Village communities under the required competencies and qualifications through several tests to determine their competencies. In fact, for women who are not married but have good abilities, we have recruited them to work in LPD, we provide scholarships. There is a potential for him to leave Kedonganan village if he is married and his soul mate is not from Kedonganan. This gender equality is hard to find in traditional villages in Bali, where "prioritizing the male element" is still strong, even in the modern era.

According to I Nyoman Wija (Chairman of Kapal LPD) "In providing services to our customers, we always provide maximum service to all customers regardless of social status. Even Jero Bendesa follows the established mechanism if he wants to borrow credit, for example. Or when saving, all customers are equally served at their respective homes. Determination of interest on loans or deposits, all of them are deliberation and proportional. What we specialize in, what we specialize in, are the Religious Leaders".

LPDs in Bali has proven to be the only traditional financial institutions that can survive and at the same time support indigenous village communities during various crises that hit Bali; starting from the monetary crisis in 1998, the tragedy of the Bali Bombings I and II, to the coronavirus pandemic that is endemic today. LPD can surprisingly compete with commercial banks, Rural Banks (BPR), cooperatives, and digital financial institutions (fintech). Therefore, the harmonization of Bali's local GCG with National GCG at this time is no longer just an obligation but has become a necessity for every

company and organization. Traditional business entities in various Indonesian indigenous communities must explore their respective local wisdom, reflecting on the development of LPDs in Bali.

After 35 years running, the existence of LPD can improve the welfare of the people in rural areas and support the growth and development of Balinese culture as a nation's asset. LPD plays its function as a financial institution that serves financial transactions for rural communities and becomes a solution to the limited access to funds for rural communities that incidentally include community groups with limited economic capacity. LPD management is based on local wisdom and Balinese culture based on *sattvam*, *sivam*, *sundaram*. Although establishing an LPD came from the Bali Regional Government, the idea was extracted from the local wisdom of the community. This means that the LPD idea is rooted in the customs and culture of the Balinese people. Therefore, the application of GCG based on local wisdom in LPD is essential to build the trust of the Indigenous Village community in using its function as a financial institution. The implementation of GCG with the principle of *sattvam*, *sivam*, *sundaram* consistently will strengthen LPD's competitive position, maximize LPD value, manage resources and risks more efficiently and effectively, and strengthen trust. The implementation of GCG based on *sattvam*, *sivam*, *sundaram* will prevent mistakes in decision making and self-benefit actions so that it will automatically increase the LPD value which is reflected in its financial performance.

In this study, Kedonganan LPD also harmonized the principles of GCG based on *sattvam*, *sivam*, *sundaram* with National GCG. The LPD of the Kedonganan Traditional Village has experienced shocks due to abuse of authority by the LPD management. However, the way to respond to these conditions has made the Kedonganan Traditional Village LPD able to overcome the existing problems to be successful as one of the best LPDs. The Kedonganan LPD has never even experienced bankruptcy or a change in LPD management as experienced by the Kapal LPD and the Dukuh Penaban LPD.

According to I Ketut Madra (Chairman of Kedonganan LPD) "There was once a case of abuse of authority. One of our employees in the IT sector, took all of the customer's funds and the funds were used for the benefit of the cooperative which was established outside of work as an LPD employee. We didn't fire him immediately. We demoted him to head of the general section. The person concerned was not satisfied, we lowered his position again to become an employee of the general department. And so on until he has the willingness to go out on his own."

In the past, in dealing with cases of governance and credit default, the management of Kapal LPD and Dukuh Penaban LPD tended to be reactive in bringing these cases into the realm of positive law. Even though only a small part of the benefits are obtained by bringing cases to the realm of positive law, LPD administrators who have been imprisoned are free from material responsibility but leave immaterial conflicts (vengeance). Meanwhile, LPD customers still feel a loss because their funds cannot be returned. After all, the case is considered finished. Everything is a loss. Currently, there is a unique phenomenon, looking at the results of court decisions, where the LPD management who commits fraud is only sentenced to a year to two years in prison. If they cannot return the funds through the remaining assets, the sentence is added to an average of 3 months, making the management LPD prefer criminal law to resolve the cases they face. From this experience, Kapal LPD and Dukuh Penaban LPD have learned to harmonize GCG to make the community feel ownership of their LPD.

The LPD organizational culture created from GCG *sattvam*, *sivam*, *sundaram* and national GCG is the implementation of business governance related to *Niskala* law, showing that establishing an LPD is not only limited to fulfilling worldly needs. The application of the above organizational culture in the governance of the LPD can be a solution to arouse the sense of ownership of indigenous peoples to the LPD. The high sense of belonging of its members supports the development and progress of the LPD.

4. Conclusion

First, harmonization of governance of *sattvam*, *sivam*, *sundaram* and national GCG can be a damper or absorber of vibrations (buffer) when the interests of individuals against other individuals face each other so that the ego of each party that stands out over the communal interests can be suppressed for the sake of a life that is balanced on a *Niskala* scale. Social situations and conditions influence individual will. The power of the will in the social context will be manifested if these wills can generate other forces or pressures, such as those based on the parties' awareness, the feeling of satisfaction that arises as a result of the decision-making process.

Second, the steps of the Bali Provincial government in issuing Regional Regulations on Traditional Villages in Bali must be supported by all Traditional Villages by making *awig-awig* and/or *pararem* which regulates the technical management of their own Traditional Village LPD as a form of the inauguration of customary law as the basis for LPD regulation to comply with the provisions contained in the Law on Microfinance Institutions.

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