

## Navigating Village Credit Institutions Based On Sad Kerthi Loka Bali In Buleleng Regency

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### Abstract

This study examines how the village credit institution implements the local wisdom of Sad Kerthi in the form of the vision of "Nangun Sad Kerthi Loka Bali" and how the vision can help maintain the existence of LPD in the future. This phenomenon is important to study considering the magnitude of the benefits that can be given by the Village Credit Institution for the development and development of the rural economy sector. This research was conducted using qualitative methods, as well as data analysis techniques using interactive analysis techniques, and data collection techniques in the study through interviews, observation, and documentation. This research was conducted at 9 LPD in Buleleng Regency. This study found that the implementation of local wisdom of Sad Kerthi in LPD, of the six concepts of the existing Local Wisdom, 4 concept of local wisdom Sad Kerthi could already be well implemented by LPD. And the local wisdom of Sad Kerthi in the form of the vision was able to contribute to the sustainability of the LPD through conservation of custom villages and was able to create a sturdy economic pattern within the scope of traditional villages, and this economic pattern would also help maintain LPD's existence through sustainable performance results. The results of this study were able to contribute to all village credit institutions in the province of Bali as an effort to maintain its existence.

**Keywords:** Sad Kerthi Local Wisdom; Social Capital; Local Wisdom As Social Capital In LPD.

**JEL Classification:** M12, M1, A13

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### 1. INTRODUCTION

Village credit agencies are a unique asset from Bali engaged in financial institutions, and the institution is an autonomous financial institution or institution that is not subject to Bank Indonesia regulations related to financial institutions. In its operation, the institution was based on the results of the idea that had been agreed upon by all members of the village community as outlined in the form of rules which became a benchmark or the basis of decision making, where the results of a mutually agreed thinking were known as *pararem* or *awig-awig* indigenous villages. Along with the development of the times, which encouraged the crucial phenomenon that occurred in the community, such as the phenomenon of pandemic outbreaks caused by the Covid-19 virus, which was able

to cause an economic recession throughout the world, with the occurrence of a spontaneous economic recession, had an impact on performance decline. Most companies, including the decline in performance experienced by LPD.

The decline in LPD performance was not only caused by the economic recession due to the Covid-19 virus pandemic, but a decrease in LPD performance, was also caused by the emergence and the development of the Competitor-Competitor of the LPD whose business activities had begun to touch to the rural sector. The following data, obtained by researchers regarding the development of the LPD in the largest district in the province of Bali, namely Buleleng Regency, where this data was obtained by researchers from LPLPD Bali Province regarding the development of LPD in Buleleng Regency in 2019-2020. Not only that, but researchers also obtained data on LPD competitors from the OJK Province of Bali ([www.ojk.go.id](http://www.ojk.go.id)), as well as from the Ministry of Cooperatives and Small and Medium Enterprises of the Republic of Indonesia (<http://nik.depkop.go.id>), here the data attached below:

**Table 1.** Number of Financial Institutions in Buleleng Regency

Number of	Information
169 People's Credit Institutions (LPD)	Operating
16 Commercial Banks	Operating
7 People's Credit Banks	Operating
329 Cooperatives	Operating

OJK Source of Bali Province and Ministry of Cooperatives and Small and Medium Enterprises of the Republic of Indonesia.

**Table 2.** Development of LPD In Buleleng Regency

Information	2019	2020
Number of Employees	864 People	840 People
Asset (000)	IDR 2,252,792,178	IDR 1.850.997.627
Receivables (000)	IDR 1,525,841,940	IDR 1.210.769.327
Advantages (000)	IDR 57,489,150	IDR 33.301.553

Source of LPLPD of Bali Province, Development of LPD Buleleng Regency in 2019-2020

The decline in the performance experienced by LPD was influenced by many factors, one of which was the occurrence of the economic recession due to the Covid-19 virus pandemic, as well as the development of the Competitor-Competitor of the LPD, whose business activities had entered rural areas, which this could be a serious threat to the existence of LPD In the future. Behind the crucial phenomenon experienced by LPD, it reminds us of the benefits or significant contributions that LPD can be given to the community of indigenous villages, especially in the economic development of the Indigenous Village and the benefit in the social aspects of the Indigenous Village community.

Based on major benefits that can be contributed by LPD, especially in the development of rural economies in the funding sector and the benefit in the social aspects of the community of traditional villages, encouraging researchers to find solutions that this LPD can still exist, sustainably, or *ajeg* in the future, so The benefits of the existence of LPD can still be felt by the people of Indigenous Village. Considering that LPD has

uniqueness, namely *LPD* is an autonomous financial institution or not subject to Bank Indonesia Regulations, but *LPD*'s operational activity, which is still randomized in *pararem* or *awig-awig* from the Indigenous Village, *awig-awig* or *Pararem* is a form of local wisdom, and incidentally for At present the Bali Provincial Government has a vision of building Bali based on the concept of local wisdom "*Sad Kerthi*", which was formed in the vision of "*Nangun Sad Kerthi Loka Bali*", where the vision has the aim to build the harmony of Bali and its contents in an effort to create a more prosperous Balinese *Krame* life.

The vision of "*Nangun Sad Kerthi Loka Bali*" emphasizes the development of the potential of indigenous villages through joint synergies between traditional villages and other institutions owned by indigenous villages to build indigenous village economies to be more prosperous, where the vision is in line with the objectives of the formation of *LPD*, namely Helping the construction of the economy in traditional villages, so that the vision is very relevant to the purpose of the formation of *LPD*. With the realization of this vision, it will be able to create a sustainable economic cycle because the potential possessed by custom villages can be developed through collaboration with all institutions owned by traditional villages.

Such as *LPD*, which can help in terms of funding, other institutions belonging to custom villages can help in parts or other sectors to develop the potential of the customary village, through cooperation or joint synergy between traditional villages and other institutions have indigenous villages based on the principle of trust, the synergy will be able to provide a shared benefit between the indigenous village with all the elements of the indigenous village involved in it, through the development of the potential of indigenous villages maximum, will be able to increase the traditional village *PAD*, where the results of the *PAD* (original village income) can be maximized by the establishment of cooperation between indigenous villages and institutions owned by traditional villages, and this will build a strong economic sector within the scope of the custom village itself, which will have an impact on improving *Adat* community welfare.

Based on this explanation, considering the vision is not only focused on the development of the Bali economy but also has a focus on the preservation of Bali's potential, where *LPD* is one of the unique potentials and assets owned by Bali in developing the economy of the rural sector, considering *LPD* in difficult situations such as the time this, then it is very necessary for further research related to how the implementation of local wisdom *Sad Kerthi* in *LPD* and how the local wisdom of *Sad Kerthi* as social capital in the form of a vision of "*Nangun Sad Kerthi Loka Bali*," can help maintain the existence of *LPD* in the future, which indirectly *LPD* also has a role in realizing the vision optimally.

Not only that, research is specifically related to the implementation of Local Wisdom *Sad Kerthi* in *LPD* and how the local wisdom of *Sad Kerthi* as a social capital in the form of a vision of "*Nangun Sad Kerthi Loka Bali*", can help maintain the existence of the existence of *LPD* in the future has never been done found by researchers, as well as the results of research related to local wisdom *Sad Kerthi* is still focused on research related to the development of the tourism sector such as previous research conducted by (Ni Putu Saraswati et al., 2020), because there is no research that reviews the local wisdom of *Sad Kerthi* in helping to maintain the existence of *LPDs*, this makes this research has the uniqueness and novelty value in research, and this research is important to be carried out in order to fill the research gap in the academic field and obtain information or research results or results which can make a contribution to *LPD-LPD* in

Bali Province, In finding a way or an effort that can help maintain the existence of *LPD* through the implementation of the local wisdom of *Sad Kerthi* in the form of the vision of "*Nangun Sad Kerthi Loka Bali*", so that *LPD* can still exist and sustainable to still be able to contribute to strengthening the rural economy.

Therefore, this research will explore how the *LPD* implements the local wisdom of *Sad Kerthi* in the form of the vision of "*Nangun Sad Kerthi Loka Bali*" and how the vision of "*Nangun Sad Kerthi Loka Loka Bali*" is able to help maintain the existence and sustainability of *LPD* in the future. Regarding previous research, there has been no research specifically reviewed the implementation of Local Wisdom *Sad Kerthi* in *LPD* and how the local wisdom of *Sad Kerthi* as social capital in the form of a vision of "*Nangun Sad Kerthi Loka Bali*", can help maintain the existence of *LPD* in the future, so this research is capable Fill in gaps or research gaps in the academic sector and are able to contribute to practical implications to village credit institutions in the province of Bali.

## 2. LITERATURE REVIEW

### Social Capital

Social capital is a set of values, beliefs, norms, culture, and social behavior. Social capital is a source of legitimacy that can drive the structure of society to support economic growth, and sustainable development, and as a solution to resolving conflicts and competition. Strong social capital is formed from the norm of mutual cooperation and the establishment of a reciprocal interaction between actors. According to Yoga & Pradana (2014), states that economic growth is very correlated with the existence of social capital, then related to social capital, where the form of social capital can be divided into three levels, among others:

1. Value, in the value section, contains elements related to culture or perceptions consisting of a sense of liability, sympathy, trust, reciprocal, and mutual help.
2. Institutions, which consist of general involvement as citizens, associations and networks.
3. The last part is a mechanism, which consists of cooperation or synergy between groups.

### Sad Kerthi Local Wisdom

(Wiana, 2018) states that, sad kerthi are six noble behaviors that must be done to build nature and humans, where sad kerthi consists of:

1. *Atma kerthi*, which means maintaining the existence of the sanctity of the soul or the *hyang atma* by thinking, speaking, and behaving well.
2. *Samudra kerthi*, which means to maintain the existence of the sanctity and sustainability of the ocean.
3. *Wana Kerthi*, which is defined to maintain the existence of the sanctity and sustainability of the forest.
4. *Dhanu kerthi*, which is interpreted as maintaining the existence and purity of fresh water sources.
5. *Jagat Kerthi*, interpreted as an effort to maintain the existence, sustainability, and harmonization with the environment and all the creatures in it.
6. *Jana kerthi*, which is interpreted as an effort to build quality human resources.

Discussing more specifically related to *Sad Kerthi*, where *Sad Kerthi* is one of the local wisdom of Hinduism which is the root of several other local wisdoms, such as local wisdom *Tri Hita Karana*. (Ginaya et al., 2019) in his research stated that there was an alignment between the local wisdom of *Sad Kerthi* and *Tri Hita Karana*, where in the *Prahyangan Tri Hita Karana* there was alignment with the *Atma Kerthi* section on the local wisdom of *Sad Kerthi*, and in the section of the concept *Tri Hita Karana* in harmony with *Jana Kerthi* on the concept of *Sad Kerthi*, and in the part of the Triaments in the concept of *Tri Hita Karana* in accordance with the *Samudra Kerthi*, *Wana Kerthi*, *Dhanu Kerthi* in the concept of *Sad Kerthi*.

### **Sad Kerthi Local Wisdom As Social Capital**

Local wisdom *Sad Kerthi* is a form of social capital, which is an important factor to be considered when you want to do a social change with the application of local wisdom will be able to bring economic change in various economic sectors, with lead cooperation between economic actors. (Prayitno, 2016) state that local wisdom is a social capital that is seen as an important factor for social change with strong social capital will be able to encourage economic growth in various sectors because of the high level of trust, and the closeness of relations in society, and the growth a broader network among fellow economic actors.

More specifically can be explained related to the understanding and implementation of local wisdom *Sad Kerthi* as a form of social capital in the context of economic activity, which can be studied with institutional theories as a rule of playing based on social analysis. There are four institutional theory levels, namely:

1. The first level is an informal institution, which is the level of social attachment rooted in a long period of time, in this section is represented by the local wisdom of *Sad Kerthi*, where local wisdom *Sad Kerthi* can be implemented properly will create a sustainable economic cycle, because local wisdom as social capital will be able to make a community's order function more than just a collection of individuals, where local wisdom *Sad Kerthi* as a social capital will become a source of legitimacy that functions in moving the community's order to support growth, economic development, and as mediation in conflict and competition.
2. The second level is a formal institution, where the institutional environment plays an important role in exploring the potential possessed to create and activate economic activities. In this case, the traditional village in charge of doing this custom village must encourage and support the creation of economic activities.
3. The third level is governance, which concerns related to the management structure of an economic institution, such as in the field of funding, which can be helped by *LPD* as an institution owned by indigenous villages and is an institution that accommodates wealth from traditional villages, which can be involved in developing potential owned by traditional villages became the new economic sector.
4. The fourth level is the allocation of resources and workmanship, where institutions governing the allocation of the development of potential owned, such as indigenous villages as potential owners, and *LPD* as a source of funding, so that the potential can be realized into a new economic sector belonging to

indigenous villages, through cooperation mutually beneficial reciprocal and will directly create a solid economic pattern in traditional villages.

Theoretically, local wisdom *Sad Kerthi* is included in the social capital category defined by (Dharma Hartawan & Suyana Utama, 2019), where local wisdom is a form of social capital that has a network, norm, and trust that makes it easier for citizens to coordinate and work together to benefit together, where local wisdom as social capital will be stronger with the norm of mutual cooperation (reciprocity) and close collaboration.

### 3. THINKING FRAMEWORK

The conceptual framework or the framework of thinking in this study starting with the Pandemic Covid-19 phenomenon, which resulted in an economic recession, as well as the emergence of the Competitor-Competitor of *LPD*, whose business activities have begun to touch on the rural sector, which indirectly affects the performance produced by *LPD*, if there is no serious action in navigating *LPD*, It is feared that the existence of the *LPD* will be lost in the future, so this will slowly affect the power of the rural economy. Coinciding in the era of the provincial government of Bali currently has a "*Nangun Sad Kerthi Loka Bali*" vision which is oriented to the presence of the existence and utilization of potential-potential and resources owned by Bali, where *LPD* is one of the potentials owned by Bali. Based on the vision, researchers started this study by conducting *LPD-LPD* sorting from each sub-district in Buleleng Regency, which has the most optimal performance in 2019-2020. *LPD* sorting is based on data that researchers obtain from *LPPD* Bali Province. Regarding the performance of *LPD* in Buleleng Regency in 2019-2020, after sorting the performance of the *LPD-LPD* from each of the sub-districts, based on the sorting results, the *LPD-LPD* was chosen which would be the object in this study, 1 *LPD* would represent one sub-district so that the number of *LPDs* which became the object of research was 9 *LPD* which is adjusted to 9 sub-districts in Buleleng Regency.

Furthermore, the researcher decided to rives documents related to documents that were aware of the focus on the research, a preliminary interview with the Chairperson of the *LPD*, and Introduction Observation, in order to obtain more accurate information regarding the phenomenon in this study. From the results of review documents from various sources, the results of the preliminary interview with the Chairperson of the *LPD*, and the preliminary observations that have been carried out, the researchers set a research focus with the title of navigating *LPD* based on *Sad Kerthi Loka Bali*, which was reviewed with three theories namely Social Capital, Local wisdom *Sad Kerthi*, and local wisdom *Sad Kerthi* as social capital. Furthermore, researchers conducted data collection by observation, in-depth interview with all informants, and documentation. Based on the results of the data collection, researchers can proceed to the stages of data analysis and data triangulation to test data will. After data analysis and data triangulation, the researchers obtained a result of a study. Based on the results of the study, researchers could provide a conclusion of research and advice from the results of the study.

### 4. METHOD, DATA, AND ANALYSIS

This study uses a qualitative method with the focus of research to discuss related to how village credit institutions implement local wisdom *Sad Kerthi* and how local wisdom *Sad Kerthi* as social capital in the form of "*Nangun Sad Kerthi Loka Bali*" vision can help maintain the existence of the *LPD in the future*. This research was conducted at 9 *LPD* in Buleleng Regency, where 1 *LPD* represents one sub-district in Buleleng Regency. The

election of *LPD* as an object or location of research was conducted, previously has been sorted by researchers through data that researchers obtained from the Bali Province *LPLPD* on the performance of *LPD* throughout Buleleng Regency in 2019-2020 so that the selected *LPD* informants are *LPD* informants who have the most optimal performance in 2020.

Data Sources In this study uses 2 types of data sources, including primary data, namely data obtained directly by researchers through an interview and observation process regarding the focus of research related to how the *LPD* implements the local wisdom of *Sad Kerthi* and how the local wisdom of *Sad Kerthi* can help maintain existence *LPD* in the future with informants, from the information obtained based on the results of interviews with the informant, the information will be checked by the information with the results of direct observation carried out by the researcher. And secondary data in this study was obtained from the Bali Province *LPLPD*, related to the *LPD* development report data in Buleleng Regency, And the data related to the competitor from the *LPD* was obtained from the *OJK* Province of Bali ([www.ojk.go.id](http://www.ojk.go.id)) , as well as the Ministry of Cooperatives and Small and Medium Enterprises of the Republic of Indonesia (<http://nik.depkop.go.id>).

The informant in this study was an informant that was exposed to the implications related to the focus of research, and informants who were willing to be asked for information related to the focus of the research. Then the appropriate informant in this study was the Chairperson of the *LPD* as a key informant, and administrative employees, and field employees were the informants, the informants were chosen because the informants were seen by researchers to be able to put in-depth informancy that could help researchers to answer the focus of the design, which is how Village Credit Agency implement the local wisdom of *Sad Kerthi* and how the local wisdom of *Sad Kerthi* as social capital in the form of the vision of "*Nangun Sad Kerthi Loka Bali*" can help maintain the existence of *LPD* in the future. So 1 *LPD* has 3 informants. Where the key informants numbered 9 people and 18 people as co-information.

Data collection in this study using interview techniques, observation and documentation, and data analysis techniques used in this study are interactive data analysis techniques, as well as related to the analysis technique for data using source triangulation techniques and engineering triangulation.

## 5. RESULTS AND DISCUSSION

Based on data collection in the research process that has been carried out by researchers, researchers found 4 of 6 *Sad Kerthi* concepts can be implemented properly. Following researchers serve in the form of a table below:

**Table 3.** Local *Sad Kerthi* Wisdom That Can Already Be Implemented

Local Wisdom Section <i>Sad Kerthi</i>	Already implemented by <i>LPD</i>
<i>Jana Kerthi</i>	4 <i>LPD</i> already implemented
<i>Atma Kerthi</i>	9 <i>LPD</i> already implemented
<i>Dhanu Kerthi</i>	1 <i>LPD</i> already implemented
<i>Jagat Kerthi</i>	9 <i>LPD</i> already implemented

The concept of *Jana Kerthi* can already be implemented by 4 LPDs, including (LPD1, LPD2, LPD6, and LPD 9). The concept of *Jana Kerthi* was realized in the form of scholarships for outstanding students and orphans, giving scholarships for LPD employees who want to continue their education to college levels, and accept students or students for PKL (fieldwork practices) with a policy that prioritizes students or students from traditional villages. Giving scholarships and acceptance of students or students who choose to conduct PKL in LPD is a form of the effort carried out by LPD in maintaining the continuity of the LPD in the future, with the provision of the scholarship, at least for the younger generation as the next generation of LPD management will have the adequacy of science to develop LPD to be better, because LPD management can only be continued by the original young age of the village, such as the results of interviews conducted by researchers with informants LPD 6, where he stated that

*"A scholarship is also a form of our concern in the field of education in the younger generation, in addition to the provision of this scholarship as well as our efforts to help the younger generation in our traditional village so that his education is sufficient, because who knows later I retire, there must be someone who continues this, so that which is the successor of the LPD must be from the village community, Especially the young generation, if later education from the younger generation is sufficient, at least, later the younger generation can to manage LPD to be better in the future "*(LPD 6)

The spare view was also delivered by the informant from LPD 2, he stated that *"The scholarship is provided to students as aid to ensure the adequacy of the science of the students, because they are the next generation to continue the management of LPD, as we have realized that one of our employees is of course from our traditional village, who used to be on the same street vendors here when it was still a vocational school that happened at that time he majored in accounting, now serving or working in LPD, and from the Indigenous Village has also suggested that those who can be in LPD are prioritized they are students from the public village community "*(LPD 2).

The same point of view and meaning was also conveyed by LPD 1 and LPD 9 informants. LPD 1 informants stated that *"with a scholarship of cooperation with Vocational Schools, colleges for internships or street vendors, we are very pleased, and with the scholarship and the acceptance of the street vendors at least our generation has a person who has adequacy in the world of education and the world of work. And I also prove it with our generations in LPD who are competent, we have been yelled in its economic bachelor. The generation will be our estapetr, to lead the LPD in the future "*. And the LPD 9 informant also has a similarity of understanding, he states that *"A scholarship is a form of institutional concern for the children of students in this traditional village, besides that it is also a form of preparation for young generations in traditional villages, so that their education is fulfilled so that later in developing or continuing the management of the LPD it can be better"*.

In the concept of *Atma Kerthi* can already be implemented by 9 LPD, the implementation of the concept of *Atma Kerthi* by LPD is realized in the form of a joint prayer before Lawning LPD's operational activity, praying together in pretending in the indigenous Village conducted by all LPD employees with all village *prajuru* custom, carry out *tirtayatra*, and pay attention to how to communicate with fellow employees and with customers, by conducting prayers before starting activities working at the LPD, in addition to being an effort to ask for safety at work, employees also feel more calm and focus on working, as well as in realizing employee gratitude for the achievement of the resulting performance, then all LPD employees realize these gratitude in form do *tirtayatra* ". As stated by LPD 4 informants, that



"The worship is routinely done before starting work activities, because of the beliefs of course, where we do worship in an effort to request safety, and provide protection for our institution, besides doing the worship we can work more concentration and our hearts and minds are also calm and beg for the LPD Ajeg Kawekas, if *tirtayatra* exists and is routinely done, which underlies us to do it because of our beliefs, that there are other forces outside of us, we are aware of our being helped to work, and as our thanksgiving for our work and our *Bakthi* taste to He too".

The direct view was delivered by LPD 8 informants, he said that "Besides us praying and *Tirtayatra*, we also have a view if all customers who enter LPD, it's the same. In addition, the manners, we also give it so that customers feel comfortable when they want to save or borrow credit, also to every employee, because they are brothers and teams in work, if everything is comfortable *Harmoni*, it works so it's good and smoothly \ " (LPD 8).

In the concept of *Dhanu Kerthi* can be implemented by LPD 1 informants, in the *Dhanu Kerthi* section is realized by LPD 1 informants in the form of management and preservation of springs into new economic sectors through joint synergies between custom villages, official villages, and LPD. He stated that "Even we have entered the stages of arrangement and management of *Sir*, the source of the spring is managed in the form of drinking water and as a place of concern, in the management of the village's potential LPD in collaboration with several parties, LPD can help in providing credit for the construction of the village's potential . Management will be done through the landowner, with traditional villages, official villages and LPDs. Because of our traditional villages, official villages, LPD, and other village institutions, we unite to both advance the village " .

And the concept of the *Jagat Kerthi*, can also be imported by 9 LPD. The concept of the *Jagat Kerthi* is realized by LPD in the form of maintaining environmental sustainability, and development in traditional villages, and social activities from LPD. As delivered by LPD 3 informants, he stated that

"We provide 20% of the LPD profits to customary villages that can be used for the development or renovation of temples and other things, if to maintain harmonization between the customary village community and the LPD, the LPD provides in the form of compensation or social funds by 5% of The advantages of LPD, it can be used for ceremonial activities in the pretending in traditional villages, *ogoh-ogoh* compensation, and also compensation funds for married and died, as a form of our concern as LPD to the community of indigenous villages with the provision of funds, so far we feel peaceful relationships between LPD and indigenous village communities " .

Based on the results of this study, it has conformity with the theory stated by (Wiana, 2018), which states that *Atma Kerthi* is an effort to maintain the existence of soul sanctity or *Sang Hyang Atma*, which LPD can be carried out through routine worship before starting LPD operational activities, the presence of *Tirta Yatra*, Joint worship in the temple in the indigenous village area, and also pay attention to ethics in communicating, both with fellow employees and customers. Likewise, in the *dhanu kerthi* section, which is interpreted as an effort to protect the existence and sustainability of springs, which can be realized by one of the LPD informants in the form of the development of the new economic sector, and in the *Jagat Kerthi* which was interpreted as an effort to maintain the sustainability of the environment, nature and all beings in it, which LPD could be carried out through the LPD gifts of 20% to traditional villages for development in traditional villages, and also there was a provision of 5% social funds for The entire indigenous village community, this is a form of concern for LPD to the environment and also the entire community in the indigenous village area.

Unfortunately, 6 concepts of Local Wisdom *Sad Kerthi* cannot be fully implemented, because of the constraints found by *LPD*, such as *LPD* 1 resource limitations, 2. Geographical location, 3. Lack of *pararem* or *awig-awig* that directs the *LPD* to carry out things, 4. There are other parties who have done this.

### **Sad Kerthi Local Wisdom As Social Capital To Maintain *LPD* Existence**

The Bali Provincial Government has seriousness in an effort to maintain the existence of the *LPD* reflected in the form of local wisdom as a social capital, which is realized by the Bali Provincial Government in the "*Nangun Sad Kerthi Loka Bali*" vision, which was delivered in Vision No. 16, which focuses on the development and development of new economic centers in accordance with the potential of districts or cities in Bali by empowering local resources to support economic growth in a broad sense, and on the Agenda of Priority Program in Economic Field No. 15C which states that the government encourages Bank *BPD* Bali to work together with *LPDs* or traditional villages in Bali in helping the establishment of *BUMDES*. Indirectly, this identifies that the government encourages traditional villages and all elements owned by customary villages to work together in the development and strengthening of the economic sector in customary villages.

Greatness related to the local wisdom of *Sad Kerthi* as social capital was also conveyed by *LPD* 1 informant, he stated that "*In addition, scholarships are also reciprocal from us as LPD with what, schools in the indigenous village environment*". The direct-view that shows the strong local wisdom of *Sad Kerthi* in the form of social capital was also delivered by *LPD* 6 informants, where said that "*Because we work together, Bumdes have work and LPDs, they can still carry out, because both are in the indigenous village area and are owned by traditional villages, so that later there will be no clashes*". These views in line with the theory of local wisdom as social capital delivered by (Dharma Hartawan & Suyana Utama, 2019), which states that local wisdom as a form of social capital has a network of norms and trust that makes it easier for citizens to coordinate, work together or cooperate for getting a shared profit. Local wisdom as social capital will be stronger with the norm of mutual cooperation (reciprocity) in close collaboration.

Regarding local wisdom as a social capital reflected in the vision of "*Nangun Sad Kerthi Loka Bali*" by the Provincial Government of Bali, in its contribution to maintaining the existence of *LPD* in the future, all informants in this study stated that the vision was able to bring sustainability for *LPD* in the future Because the vision has a purpose, one of which focuses on the optimization of the potential of traditional villages and emphasizes the preservation of indigenous villages, where indigenous villages are roots or souls from *LPD*. This view was conveyed by all informants in this study, such as the *LPD* 2 informant, stating that "*the vision is very relevant to support the sustainability of the LPD that begins with the preservation of indigenous villages if the customary village is preserved, the LPD will also be maintained because the indigenous village is the root of the LPD*". And the view of the *LPD* 6 informant which states that "*This vision also shows that the Governor of Bali, does have a desire to preserve the LPD through the preservation of the customary village as the LPD root*".

Not only that, if local wisdom as social capital can be implemented optimally by all *LPD* and indigenous villages, it will have a significant impact on the economic development of a better rural sector, this can be analyzed by using the institutional theory proposed by (Dharma Hartawan & Suyana Utama, 2019), The theory can explain specifically related to the understanding of local wisdom *Sad Kerthi* as social capital, in the

context of economic activity. Based on findings in this study, where researchers found one of the informants, namely an *LPD 1* informant who had implemented the concept of local wisdom *Sad Kerthi* as social capital in the form of a "*Nangun Sad Kerthi Loka Loka Bali*", included in the concept of *dhanu kerthi*, where indigenous villages have the potential in the form of a holy place for self-cleaning that can be developed into a new economic sector in the field of religious-based economics. Realization of the development of the new economic sector of the potential possessed by the traditional village, can be described with the theory of institutions stated by (Dharma Hartawan & Suyana Utama, 2019). In the theory of inflaming borricifics it becomes four levels including:

- A. The first level is the social attachment that is rooted in a long period of time or is called an informal institution. This first level is represented by local wisdom *Sad Kerthi* as a form of social capital, where local wisdom *Sad Kerthi* is the teachings of Hinduism that have long been rooted in the life of the Hindu society Bali. Local wisdom *Sad Kerthi*, as social capital in the form of a vision of "*Nangun Sad Kerthi Loka Bali*", has shown success in glutting the Indigenous Village of *LPD 1* Informant with all other institutions owned by custom villages such as *LPD*. This opinion was reinforced by the view conveyed by the *LPD 1* informant who stated that "*before the Governor chose the vision, we had already implemented it, even though it was still in the small scope and custom village, the official village, LPD and other institutions belonging to the Indigenous Village, we are united To jointly advance the village,*" which directly shows harmony with the theory of local wisdom *Sad Kerthi* as a social capital delivered by (Prayitno, 2016), which states that local wisdom as social capital is "*adhesive that is able to unite society*". This means that social capital is a network of informal social associations that are the source of legitimacy or trust, which functions in functioning community structures to support economic growth, sustainable development, and mediation of media conflicts.
- B. The second level is a formal institution or institutional environment, where indigenous villages realize that it has the potential that can be developed into a new economic sector, which can provide shared benefits so that traditional villages make a decision to realize the new economic sector. In an effort to realize this, considering that customary villages have strong cooperation or synergy with elements or institutions owned by traditional villages such as *LPD*, and given the vision of "*Nangun Sad Kerthi Loka Bali*" which aims to strengthen the synergy between indigenous villages and other institutions owned by traditional villages, to work together in obtaining mutual profits. Therefore, indigenous villages synergized with all elements possessed by traditional villages to realize this, which indirectly led to the third level.
- C. The third level in institutional theory, which is related to economic, and institutional governance, was in the realization of the potential belonging to the traditional village, the need for governance, wherein the governance has regulated that traditional villages as owners of potential resources will be assisted in realizing the sector new economy, by elements owned by indigenous villages and other stakeholders, like *LPD* which will help in providing loan or credit funds in the construction of the village's potential, as delivered by the *LPD 1* informant, where he stated that, "*in the management of the potential of this village, the customary village in collaboration with LPD and several other parties from*

*traditional villages, LPD can assist in providing credit for the development of this new economic sector ".*

- D. The fourth level in the institutional theory, which is related to the arrangement of allocation and workmanship for the development of this potential, where the customary village is the owner of the potential, the LPD as an institution owned by a customary village that will help to fund to realize the new economic sector, and other stakeholders that help in other fields, with the formation of the synergy, slowly created a sturdy economic pattern, and with the creation of this economic pattern will help maintain the existence of each element included in this economic pattern, through the smooth operational activities in Each element or institution.

The realization of this new economic pattern will provide a shared advantage for every element in the pattern of the economy, such as custom villages that can maximize PAD (village's original income) and create jobs for the entire indigenous village community, and the existence or preservation of LPD will be maintained through the smooth operation of a business or operational activities carried out by LPD such as providing credit financing for the development or realization of the potential of the traditional village to become a new economic sector and from the results of the new economic sector management, the results are in the form of money can be stored in LPD, so that LPD has a larger capital to be channeled to the community, and other stakeholders who will also benefit economically. The creation of an economic pattern based on the principle of mutual trust and synergy together to benefit together with the existence of mutual cooperation norms (reciprocity), will create a strong economic sector, this is in accordance with the theory of local wisdom as a social capital submitted by (Dharma Hartawan & Suyana Utama, 2019), which states that local wisdom as a form of social capital that has a network, norms, and beliefs that make it easier for citizens to coordinate, work together or cooperate in order to obtain a shared profit, where local wisdom as social capital will be stronger with mutual cooperation norms (reciprocal) and cooperation closely. And with the creation of an economic pattern based on institutional theory will be able to have an impact on improved marginal conditions.

The institutions in the new economic pattern will be able to maintain the existence and sustainability in the future through the smoothness of the business activities carried out by each of these institutions in the economic cycle that has been realized, with the presence of the existence of these institutions, then the benefit from these institutions it will still be felt by society in a sustainable manner, like LPDs that can maximize the provision of funds of 20% of the LPD profits for the development of customary villages and LPD social funds of 5%. With the smooth business activities or LPD operations, it will directly assist the LPD in maximizing the performance that can be produced, with the maximum performance will be able to assist the LPD in maintaining the sustainability or stability of the LPD in the future. As stated by (Budiasni et al., 2018), which states that the results of the performance produced by a company, describe the seriousness of the company in maintaining its sustainability or existence in the future.

So, this proves that the local wisdom of *Sad Kerthi* in the form of the vision of the Provincial Government of Bali, "*Nangun Sad Kerthi Loka Bali*", is very useful and important to be implemented and optimized to maintain the existence or sustainability of the LPD and customary villages in the future. Referring to the results of this study, having compatibility with the theories delivered by (Wiana, 2018) related to the implementation

of the concept of local wisdom *Sad Kerthi*, the theory conveyed by (Dharma Hartawan & Suyana Utama, 2019), related to local wisdom *Sad Kerthi* as social capital. So, from the results of this study, it is expected to be able to fill the research gap in the academic field, and help *LPD* related to how to implement local wisdom *Sad Kerthi* in *LPD* and know the way or effort that can help maintain the existence of *LPD* through the implementation of the vision of "*Nangun Sad Kerthi Loka Bali*", so that *LPD* can still exist and sustainable to still be able to contribute to strengthening the rural economy.

## 6. CONCLUSION, LIMITATIONS, AND SUGGESTIONS

### Conclusion

The vision of the Bali Provincial Government of "*Nangun Sad Kerthi Loka Bali*", is very beneficial for the sustainability of *LPD*. In addition, this vision becomes an adhesive between indigenous villages with all elements owned by indigenous villages. This vision is a form of the seriousness of the Bali Provincial Government in maintaining the existence of the Indigenous and *LPD* villages in the future, with the preservation of indigenous villages, *LPD* will also be preserved or exists because Indigenous village is a soul or root of *LPD*. In addition, with the realization of local wisdom *Sad Kerthi* as a social capital, which is realized in the form of "*Nangun Sad Kerthi Loka Bali*", will also be able to create a strong cycle or economic pattern in the traditional village, with the creation of the pattern or economic cycle, will be able to Maintain the sustainability of every elements that enter the economic pattern, through the smooth operational activity or business activities of each institution in it, with the smooth operation of the business or oprality, then each existing institution will be able to produce a stable performance, with the performance produced can achieve stability, then each The institution in it will be preserved through performance occurrence that can be produced.

Directly, with the creation of the cycle or pattern of the economy will provide a shared benefit, both for traditional villages, communities, *LPD*, and other institutions. Given the implementation of the local wisdom of *Sad Kerthi* as social capital, in the form of the vision of the Bali Provincial Government regarding the "*Nangun Sad Kerthi Loka Bali*", it has not been able to be implemented optimally by several *LPDs*, as an effort to maintain the existence or sustainability of the *LPD* in the future, so there is a need for efforts to maximize the implementation of the wisdom of *Sad Kerthi* as social capital, in the form of the vision of the Provincial Government of Bali, namely the vision of "*Nangun Sad Kerthi Loka Bali*" in the *LPD*, as an effort to maintain the sustainability and existence of the *LPD* in the future. Considering that vision has great benefits, which can be utilized by *LPD* in maintaining the existence or stability of *LPD* on an ongoing basis, in maximizing that vision, it is very necessary for the active role of the central government, to the local government so that the vision can be implemented optimally.

Not only the imperative benefits that can be given from the results of this study, but this study also has benefits in the academic and theoretical fields, based on the results of this study as a contribution of thoughts that can contribute to the academic fields related to the implementation of local wisdom *Sad Kerthi* as social capital in the form of vision "*Nangun Sad Kerthi Loka Bali*" in helping maintain the existence of *LPD* in the future, given the same research on the same topic has never been found by researchers, where the results of research related to local wisdom *Sad Kerthi* are still focused on research relating to the development of the tourism sector so that the results of this study, have their own

novelty and uniqueness and expected by researchers From the results of this study were able to fill in the research gap in theoretical scope and in the academic field.

### Limitation And Suggestions

Based on the results of this study, it is expected to contribute to all fields, both academics who can use the results of this study as a reference to conduct similar research in the future and also to village credit institutions that can take advantage of the results of this study as a contribution of thinking related to local wisdom *Sad Kerthi* as social capital in the form of the vision of "*Nangun Sad Kerthi Loka Bali*" in helping to maintain the existence of *LPD* in the future, because the existence of *LPDs* or village credit institutions really needs to be maintained because this institution is an essential institution that can support economic development in the rural sector. With the results of this study, at least the leadership of the *LPD* can find out the contributions that can be received by the *LPD* when they can implement the concept of local wisdom *Sad Kerthi* as social capital in the form of the vision "*Nangun Sad Kerthi Loka Bali*".

Limitations in this study faced by researchers when conducting this research are the limitations of the time and resources owned by the researchers, so the recommendations or suggestions that researchers can give for further research is, subsequent researchers can examine further related to the implementation of *Sad Kerthi's* local wisdom as social capital in the form of the vision of "*Nangun Sad Kerthi Loka Bali*" in the *LPD* by taking *LPD* informants from different districts, and the researcher can subsequently add organizational performance variables to add variables to measure the effect of implementing local wisdom *Sad Kerthi* as social capital in the form of the vision of "*Nangun Sad Kerthi Loka Bali*" in the *LPD* on the performance of the organization that can be produced, so that the results of research conducted by the next researcher will be Obtain more varied, complex and comprehensive research results.

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