
THE INFLUENCE OF LEADERSHIP ON LPD GROWTH WITH CULTURE AS A CODING VARIABLE

Ketut Gunawan

Faculty of Economics, Panji Sakti University, Indonesia

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ABSTRACT

This study aims to determine the influence of leadership on the growth of Village Credit Institutions (LPD) in Bali and whether the Tri Hita Karana (THK) culture can moderate these influences. The leadership variables adopt eight leadership traits of Asta Brata which include: Indra Brata, Yama Brata, Surya Brata, Candra Brata, Vayu Brata, Bhumi Brata, Varuna Brata and Kwera Brata. Tri Hita Karana culture adopts a philosophy that includes Parhyangan, Pawongan and Palemahan. LPD growth adopts M. Porter's industrial growth strength model which includes: threat of new entrants, supply strength of suppliers, supply strength of buyers, threat of substitution products, and competition. Data collection uses questionnaire techniques and is analyzed with regression analysis and moderator regression analysis. The results of the data analysis show that leadership has a positive and significant effect on LPD growth, and THK culture strengthens the influence of leadership on LPD growth in Bali.

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Corresponding Author

Ketut Gunawan

Email: ketut.gunawan.unipas@gmail.com

INTRODUCTION

The Village Credit Institution (LPD) is a financial institution owned by indigenous vilage domiciled in the Wewidangan of Pakraman Village. LPD's bond with the community in Bali is increasingly close because it has an important role and is integrated with traditional villages in Bali with the task of collecting funds from village communities in the form of dhana sepelan (similar to avings) and dhana sesepelan (similar to deposits) which are then managed and given back in the form of credit to the village community. The needs of the Balinese people related to this indigenous village-based financial institution became well created, until LPD developed from year to year. Data in 2020 states that there are 1,493 LPDs spread throughout Bali with annual developments presented in Table 1.

Table 1. LPD Growth Data in Bali

No	Year	Sum	Growth
1	1985	21	-
2	1990	341	1523,81
3	1995	849	148,97
4	2000	930	9,54
5	2005	1.304	40,21
6	2010	1.339	2,68
7	2015	1.432	6,94
8	2020	1.439	4,26

Source: Research Results (BPS Bali Province, 2022)

The enthusiasm of the Balinese people with the existence of LPD also makes their assets grow significantly. The assets owned by LPD vary according to its development. The existence of this asset is important because it can determine the sustainability of the LPD itself. The development of the number of asset owned can be seen in Table 2.

Table 2. Total LPD Assets in Bali

No	Asset Intervals (Milliyards of rupiah)	Number of LPDs (fruit)	Compulsive Count
1	>100	34	34
2	50 - 100	30	64
3	10-50	233	297
4	1 - 5	401	698
5	0,1 - 1	303	1001
6	<0.1	492	1493

Source: Research Results (BPS Bali Province, 2022)

The growth in the number of LPDs is the performance of the Balinese people who have been able to form credit institutions intended for local indigenous village communities. This growth is not only able to increase employment and the community's economy, but can have an impact on increasingly fierce competition. Various efforts are needed from internal and external in maintaining and improving the performance of each LPD. The internal role of LPD growth can include the quality of human resources owned. Various factors of the quality of human resources, one of which is leadership.

The LPD Organizational Leadership Model is very unique when compared to other financial institution organizations both regarding the term and the origin of its personnel. Balinese people who adhere to Hindu teachings know the leadership model as local wisdom which is believed to determine the success or failure of a leader in running the wheels of government. The Leadership Model is Asta Brata which means eight leadership traits which include: Indra Brata, Yama Brata, Surya Brata, Candra Brata, Vayu Brata, Bhumi Brata, Varuna Brata, and Agni Brata.

The results of the study stated that there was uncertainty about the influence of leadership on performance. Several research results state that there is a significant influence between leadership roles on performance (Jopanda, 2021; Purwanto et al., 2020; Sari & Kistyanto, 2020; Ula & Suhariadi, 2019), while there are also conflicting results on performance (Handoyo et al., 2015; Ilmawan et al., 2017; Listiani et al., 2020; Manalu, 2020). Observing the discrepancy between the results of the study on performance, it is predicted that there are other variables as coding variables to the

relationship between the two variables. The Predicting Coding Variable in this study is Culture.

Experts in the field of organizational behavior over the past decade adopted a culture that has a relationship with performance (Al-Ali et al., 2017; Budiantara et al., 2022; González-Navarro et al., 2019; Jufrizen & Rahmadhani, 2020; Wirawan & Nathania, 2018; Yudo, 2015). One of the cultures that is closely attached to the Balinese people is the Tri Hita Karana culture (Prena & Evitasari, 2019; Surya et al., 2017). The choice of Tri Hita Karana Culture as an organizational culture variable is based on the consideration that LPD as an organization that grows and takes root in Bali whose members of the organization are Balinese people who are Hindus strongly believe in THK Culture as a teaching that leads humans to the welfare of birth and mind, so it is expected to affect performance (Gunawan, 2009; Mahyuni & Dewi, 2020; Prena & Evitasari, 2019; Sumadi et al., 2022). THK culture can also be used as a modulator to improve performance (Prena & Evitasari, 2019; Sapitri & Pancasasti, 2022). Based on this description, this study aims to examine 1) the influence of Asta Brata leadership on LPD growth in Bali, 2) the influence of THK culture on LPD growth in Bali, and 3) the role of THK culture in moderating Asta Brata's leadership on the growth of LPD in Bali.

LITERATURE REVIEW

Leadership is a strategic part of an organization's activities (Paais & Pattiruhu, 2020). Leadership is a process by which a person can become a leader through continuous activities to influence his followers to achieve the goals of an organization or company (Al-Ali et al., 2017; Jopanda, 2021; McLarty et al., 2021; Paais & Pattiruhu, 2020). Leadership in LPD is regulated in article 10 of Bali Provincial Bylaw Number 3 of 2017. The LPD's Prajuru (management) includes Pemucuk (head equivalent), Penyarikan (secretary equivalent) and Patengen (treasurer's equivalent), while LPD supervisors, namely Penureksa include Pamucuk (generally traditional village leaders) and Members.

Belief in the concept of leadership in the life of the Balinese Hindu community, one of which adheres to the teachings of Asta Brata. This teaching defines that there are eight qualities that a leader must possess for himself and his organization (Anindita & Hamidah, 2020; Hidayat & Setiyowati, 2017). The eight parts have internalization to be implemented by a leader in the form of: 1) Indra Brata: the ability to provide prosperity in every activity and negate evils such as water that cleaning dirt; 2) Yama Brata: the ability to deliver justice and enforce it without discrimination; 3) Surya Brata: the ability is like the Sun's (solar) properties that are able to encourage and bring sustenance to all; 4) Candra Brata: the ability to provide illumination in the dark makes it firm and provides guidance in difficult moments; 5) Vayu Brata: the ability to accompany and pay attention to situations, be intelligent, and selective in making decisions for the benefit of all; 6) Bhumi Brata: The ability to have patience, because the earth bears all that is good and bad; 7) Varuna Brata: the ability of broad insight in creating in various situations; 8) Agni Brata : The ability to rule wisely to root out the roots of greed, anger and delusions (Hidayat & Setiyowati, 2017; Selvarajah et al., 2017).

Tri Hita Karana is a Hindu cosmology which is a universal and strong philosophy of life in achieving the happiness of its people (Ngurah Santika & Suastika, 2022). Tri Hita Karana as a guide to balinese culture-based life emphasizes harmonization to achieve

happiness, which consists of three parts, namely: Parhyangan teaches how to achieve a harmonious relationship with God; pawongan teaches manners to create harmonious relationships with others, and palemahan is taught how to obtain a harmonious relationship with nature (Prena & Evitasari, 2019; Sukarma, 2016; Widnyani et al., 2022).

LPD growth adopts M. Porter's industrial growth pattern. The meeting emphasizes that there are variables that affect LPD growth in the form of 1) Threat of Newcomers, 2) Supply Power of suppliers, 3) Strength of Buyer Bidding, 4) Threat of Substitute Products and 5) Competition (Arif & Wibawa, 2022; Meftahudin et al., 2018).

RESEARCH METHODS

This research was conducted at the Village Credit Institute spread across 9 regencies/cities in the province of Bali. The population of this study is the Village Credit Institute (LPD) in the province of Bali consisting of 1493 LPDs. The samples used were 100 LPDs selected purposively with results of 72 LPDs categorized as healthy, 8 LPDs said they were healthy enough, 10 LPDs said they were not healthy, and 10 LPDs said they were unhealthy. Closed questionnaires, interviews, and documentation studies are instruments used to collect a number of data on leadership, THK culture, and LPD growth. Leadership adopts eight leadership traits of Asta Brata which include: Indra Brata, Yama Brata, Surya Brata, Candra Brata, Vayu Brata, Bhumi Brata, Varuna Brata and Kwera Brata. THK culture adopts local wisdom in the form of a harmonious relationship between humans and God, humans with other humans, and humans with nature which include: Parhyangan, Pawongan, and Palemahan. LPD Growth adopts the Industrial Growth power model created by M. Porter which includes: Threat of Newcomers, Supply Power of suppliers, Strength of Buyer Bidding, Threat of Substitute Products and Competition. Instruments that have been tested and analyzed in validity and reliability, were used for this study. Classical Assumption Test is also carried out which includes: Normality Test, Heteroskedasticity Test, Multicollinearity Test. Hypothesis testing uses simple regression analysis and moderated regression analysis. The relationship between the variables of this study is presented through figure 1.

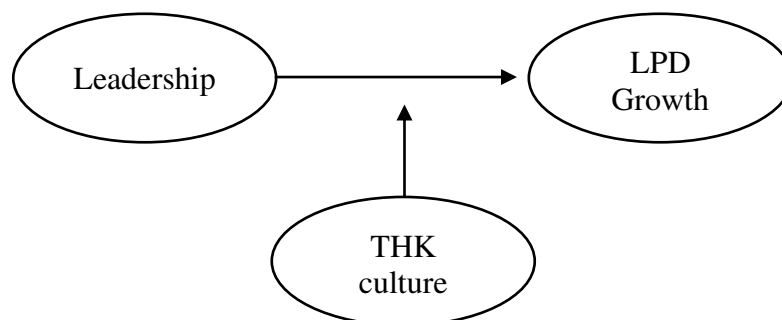


Figure 1. Relationship between variabel research

The hypotheses in the research are:

H₁: Asta Brata's leadership had a positive and significant effect on LPD growth.

H₂: THK culture has a positive and significant effect on LPD growth

H₃: THK culture reinforces Asta Brata's leadership influence on LPD Growth.

RESULTS AND DISCUSSION

Preliminary test results include trials of research instruments and tests of classical assumptions which can be seen in Table 3. The instruments used in this study have met validity and reliability tests. The results of the validity and reliability test show that the value of the correlation coefficient of the instrument is greater than 0.3 which means that the instrument can measure the measured variabel. The reliability test results showed that the value of Cronbach's Alpha was greater than 0.6 which means that inthe instrument was declared reliable.

Table 3. Preliminary test results

Preliminary Test		Information
Reliability of Cronbach's Alpha		
KAB	0.947	Reliable
BTHK	0.907	Reliable
PLPD	0.904	Reliable
Kolmogorov-Smirnov Normality Test ^a		
Sig.	0,564	Usual
Heterochedasticity Test		
KAB	0.503	Heterochedasticity Free
BTHK	0.309	Heterochedasticity Free
KAB*BTHK	0.372	Heterochedasticity Free
Multicholinearity Test		
KAB	Tolerance = 0.347 VIF = 2,879	no symptoms of multicholinearity
BTHK	Tolerance = 0.347 VIF = 2,879	no symptoms of multicholinearity

Normality test results showed a significant 0.564 which means that residual regression is normally distributed. The results of the heteroscedasticity test show a heteroscedasticity-free result where the Glejser test is above the 5% confidence level. The Tolerance value in the multicollinearity test for the Asta Brata Leadership and THK Culture variables showed above 0.10, while the VIF value was below 10, so there were no symptoms of multicollinearity.

Simple regression analysis and moderated regression analysis (MRA) were used to analyze Asta Brata's leadership variables on LPD growth, THK Culture variables on LPD growth, and Asta's leadership interactions Brata and THK Culture against LPD growth. Table 4 shows the results of the análisis.

Table 4. Hypothesis testing results

Variable	T value	Sig. t
Constant	1,632	0,112
Asta Brata Leadership	4,325	0,000
THK Culture	2,412	0,013
Interaction	2,024	0,031
n = 100		
R square = 0.546		
F value = 25.121	Sig. F = 0.000	

The results of the analysis in table 4 can be interpreted to mean that Asta Brata's leadership had a significant effect on LPD growth. The result is obtained with values referring to the significance of 0.000 and the value of t 4.325 > t of the table. Hypothesis 1 (H₁) can be accepted through these results, so that Asta Brata's leadership

has a positive and significant effect on LPD growth. Furthermore, in THK culture, a significant effect on LPD growth was obtained by referring to the significance of 0.013 and the t value of $2.412 > t$ table. Hypothesis 2 (H₂) can be accepted through these results, so that THK culture has a positive and significant effect on LPD growth. The influence of Asta Brata's leadership with THK cultural moderation on LPD growth was obtained by referring to the significance of 0.031 and the t value of $2.024 > t$ table. Hypothesis 3 (H₃) can be accepted through these results, so that THK Culture strengthens the influence of Asta Brata's leadership on LPD Growth.

The value of R square (R²) of this study shows 0.546 . This value means that 54.60% of the influence of LPD growth is due to the leadership of Asta Brata and THK Culture, while the residual 45.40% is influenced by various variables that were not studied in this study. If analyzed simultaneously, results were also obtained in the form of leadership variables Asta Brata and THK Culture together increased LPD growth with an F value of 25,121 and significance 0.000.

Asta Brata's leadership has had a positive and significant effect on LPD Growth in Bali. Asta Brata's application of leadership emphasizes the eight traits that leaders must have to nurture the led community. The eight traits which include Indra Brata, Yama Brata, Surya Brata, Candra Brata, Vayu Brata, Bhumi Brata, Varuna Brata and Kwera Brata are believed that the community will be able to nurture the community they lead. In the midst of the rampant crisis of trust in today's leaders, the eight traits contained in Asta Brata's leadership will be able to increase LPD Growth.

Leadership towards LPD Growth increased after being interacted with THK Culture. The results of the test show that the role of moderation of the THK Culture variable on the Asta Brata Leadership variable is reinforcing. This means that the implementation of Asta Brata's Leadership which is getting stronger followed by the application of THK Culture will jointly increase LPD Growth in Bali. The application of THK Culture provides the view that in every planning decision-making and supervision must be based on three things, namely Parahyangan, Pawongan and Pelemahan. This must work together and be maintained.

CONCLUSION

There is a positive and significant influence on LPD Growth in Bali. This means that the better the implementation of Asta Brata's Leadership , the more it will increase LPD Growth. There is a positive and significant influence of THK culture on LPD Growth in Bali. This means that the better the application of THK Culture, the more it will increase LPD Growth. THK culture reinforces the influence of Leadership on LPD Growth. This means that the role of THK variable moderation on LPD Growth is strengthening. It is recommended that the Bali LPD Steamer senantiasa apply Asta Brata's leadership and THK culture well to increase LPD growth in Bali. The THK culture that has been inherent in itself and also in LPD governance can strengthen the influence of leadership on LPD Growth. There is still considerable opportunity for further research in researching other variables to determine lpd growth-inducing variables.

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