

Strategy For Utilizing LPD CSR in Empowering Subak Sembung Farmers in Peguyangan Village



A.A Sri Purnami¹, I Ketut Selamat², Ni Made Rustini³

^{1,2,3} Faculty of Economics and Business, Warmadewa University, Indonesia

ABSTRACT: LPD continues to grow and becomes a non-bank institution with the largest assets in Bali Province. As a form of responsibility towards the local social environment, LPD profits are also allocated to social funds or Corporate Social Responsibility (CSR). Therefore, this research describes the strategy for utilizing LPD CSR in empowering Subak Sembung farmers by studying the LPD in Peguyangan Village. The aim of this research is to find out: 1). Form of LPD CSR implementation; 2). LPD internal and external factors in utilizing LPD CSR in Peguyangan Village to empower Subak Sembung farmers; 3). Strategy for utilizing LPD CSR to empower Subak Sembung farmers. The population of this research is the Peguyangan traditional village community, and the sample was selected using a purposive random sampling technique. Data was collected through questionnaires and interviews, and then analyzed using SWOT analysis. The results of this research show that part of the profits obtained by LPD are allocated to social funds or CSR. So far, the use of LPD CSR funds in Peguyangan Village has mostly been for ritual activities at the temple (Parahyangan elements) and currently the use of CSR funds has been directed to support the development of Subak Sembung ecotourism to support agricultural and economic development at the Subak and village levels. The LPD CSR utilization in the Peguyangan Traditional Village is used to support Subak Sembung ecotourism in the form of a project to repair the jogging track paving and senderan in the Subak Sembung area with 2 meters wide paving road. Several internal factors constitute the strength of the LPD in the Peguyangan Traditional Village, namely: (1) The amount of third party funds; (2) LPD credit distribution policy; and (3) The quality of human resources managing LPD. Meanwhile, several internal factors identified as weaknesses of the LPD in Peguyangan Traditional Village are: (1) Quality of LPD services; (2) LPD promotional support; (3) LPD human resource competency; and (4) Commitment and competence of LPD management. Several external factors constitute LPD opportunities in Peguyangan Traditional Village, namely: (1) Local community culture/customs; (2) The education level of the surrounding community; (3) Community attitudes; and (4) Pakraman village support. Meanwhile, several external factors identified as threats to LPD are: (1) Developments in information technology; and (2) Development of the number of financial institutions. The strategy that is currently suitable for LPD in the Peguyangan Traditional Village is the hold and maintain strategy. The implementation of this strategy is through market penetration and product development.

KEYWORDS: Empowerment, Village Credit Institutions, Corporate Social Responsibility (CSR), SWOT Analysis.

I. INTRODUCTION

LPD is one of the MFIs belonging to Pakraman Village which provides financial services to the local community. As a financial institution, LPD of course obtains profits which will then be reused as capital, and even set aside for social funds or Corporate Social Responsibility (CSR). CSR is one of the benchmarks for a company's image and sees how big a company's role is in developing the community around the company's environment. So far, the use of social funds (CSR) owned by the LPD has only been limited to religious ritual activities. By looking at the potential that Peguyangan Village has, including: natural potential and cultural potential, it is possible that CSR can also be used to develop ecotourism potential so as to support community empowerment. Based on this, this research explains the strategy for utilizing CSR LPD in empowering farmers in Subak Sembung, Peguyangan Traditional Village, North Denpasar District, Denpasar City. A study was carried out on the use of the Peguyangan Traditional Village LPD CSR and its impact on the socio-economic status of patani and visitors to the jogging track area.

The objectives of this research are: 1) To find out the form of LPD CSR implementation in Peguyangan Village, 2) To find out the internal factors of LPD in utilizing LPD CSR in Peguyangan Village to empower Subak Sembung farmers, 3) To determine

Strategy For Utilizing LPD CSR in Empowering Subak Sembung Farmers in Peguyangan Village

the external factors of LPD in the utilization of LPD CSR in Peguyangan Village to empower Subak Sembung farmers, 4) To find out the strategy for utilizing LPD CSR in Peguyangan Village in empowering Subak Sembung farmers.

II. LITERATURE REVIEW AND HYPOTHESIS DEVELOPMENT

LPD according to Bali Province Regional Regulation No. 8, 2002 is a village-owned financial business that carries out business activities in the village environment and for village manners. LPD is a financial institution owned by Pakraman village which has developed and provides social, economic and cultural benefits to its members. Bali Provincial Regulation No. 8, 2002 concerning LPD article 22, paragraph 1 explains that the distribution of LPD net profits at the end of the financial year is determined by (a) capital reserves of 60%, (b) village development funds of 20%, (c) production services 10%, (d) coaching, supervision and protection funds 5%, (e) social funds 5%. The deposit and use of the profits is in accordance with the governor's decision.

Corporate Social Responsibility (CSR), often also called social responsibility disclosure, is an explanation that describes the social responsibility of a company/institution towards society. CSR is the process of communicating the social and environmental impacts of an organization's economic activities to specific interest groups and society as a whole (Hackston and Milne, 1996). Gray et. al. (1995) explain that CSR expands social responsibility, beyond its traditional role of providing financial reports to capital owners. More broadly, it explains that companies have more responsibilities than just seeking profit.

According to Payne in Isbandi Rukminto Adi's book (2008: 77-78) states that empowerment is an activity that helps clients gain the power to make decisions and determine actions to be taken, related to themselves, including reducing personal and social obstacles in taking action through According to Sutrisno (2000: 185), from an empowerment perspective, the community is given the authority to manage their own development funds, whether from the government or from other parties. Besides, they must actively participate in the process of selecting, planning and implementing development.increasing abilities. and self-confidence to use the power they have by transferring power from the environment.

III. RESEARCH METHODS

This research was carried out in the Peguyangan Traditional Village, North Denpasar District, Denpasar City using field survey methods through questionnaires and interviews using a prepared list of questions. Determining the Sample Area This research was conducted on communities in the Peguyangan Traditional Village area. From the community in the Peguyangan Traditional Village area, the sample was selected using purposive random sampling. In this study, the samples used were people who understand the use of LPD CSR in Peguyangan Village. The data collected in this research was carried out by distributing questionnaires and interviewing the Subak Sembung farming community, LPD administrators, Pekraman village prajuru and community leaders in the Peguyangan Traditional Village. The data analysis technique is carried out using SWOT analysis. SWOT analysis is carried out by analyzing internal factors (strengths and weaknesses) and external factors (opportunities and threats) of LPD as a financial institution, especially in utilizing LPD CSR. The SWOT analysis of LPD in Peguyangan Village consists of several stages, namely as follows: 1). Identifying strategic factors, 2). Providing weighting to strategic factors, 3). Assessment of strategic factors, 4). Determines the value range/interval. To determine the interval, the following formula is used:

$$\text{Interval} = \frac{\text{Value Range} \quad 3}{\text{Grade} \quad 4} = \frac{\quad}{\quad} = 0,75$$

Meanwhile, the dividing line (cut point) is:

$$\text{Cut Point} = \frac{\text{Total grade} \quad 1 + 2 + 3 + 4}{\text{Class} \quad 4} = \frac{\quad}{\quad} = 2,5$$

So, if the value obtained is greater than 2.5, it is an opportunity or strength, whereas if the value obtained is below 2.5, it is a threat and weakness. From the results of calculating the interval values, the result criteria can be seen as in the Table 1.

Table 1. Distribution of Research Samples

Value	Range Value	Criteria	Internal	Eksternal
4	3,26 – 4,00	Very good	Strength	Opportunity
3	2,51 – 3,25	Good	Strength	Opportunity
2	1,76 – 2,50	Not enough	Weakness	Threat
1	1,00 – 1,75	Very less	Weakness	Threat

Strategy For Utilizing LPD CSR in Empowering Subak Sembung Farmers in Peguyangan Village

The results of the scores for each factor are entered into internal and external matrices to determine the position of the LPD. Once entered, the appropriate empowerment strategy can be determined according to the company's environmental conditions.

IV. RESULTS

Implementation of LPD CSR in Peguyangan Village

Data Information obtained based on interviews through informants (LPD administrators, community leaders, traditional village officials, Subak Sembung farmers), is continued with informants recommended by key informants (Snowball Sampling method) until information is obtained whose character is close to the same (saturated), namely, that LPD CSR in Peguyangan Village is more directed at easing the burden on manners, especially in religious ritual activities.

Identification of LPD Internal Factors in LPD CSR Implementation

Identification of internal factors was obtained through distributing questionnaires to respondents. The identified internal factors consist of fifteen factors, namely:

- 1) Amount of credit distributed by LPD;
- 2) Amount of third party funds (savings and deposits) in LPD;
- 3) LPD credit interest rate;
- 4) LPD credit distribution policy;
- 5) LPD service quality;
- 6) LPD promotional support;
- 7) Quality of human resources managing LPD;
- 8) LPD human resource competency;
- 9) Loyalty of human resources managing LPD;
- 10) LPD organizational culture;
- 11) Commitment and competence of LPD management;
- 12) Support for LPD administration and communication equipment
- 13) LPD accounting control system;
- 14) LPD Benefits;
- 15) LPD CSR allocation.

Table 2 shows the internal factor analysis (IFAS) of LPD in Peguyangan Village. The weighted average value is categorized as strength if it is $2.50 < N \leq 4.00$ and is categorized as weakness if it is $1.00 < N \leq 2.50$.

Table 2. Internal Factor Analysis Summary (IFAS) LPD in Peguyangan Village

No	Internal Variable Indicators	Score (%)	Ratings	Weighted Value
1	2	3	4	5 = 3 x 4
1	Amount of credit distributed by LPD	0,06	2,19	0,13
2	Amount of third party funds (savings and deposits) in LPD	0,07	2,8	0,20
3	LPD credit interest rate	0,06	2,26	0,14
4	LPD credit distribution policy	0,08	2,8	0,22
5	LPD service quality	0,06	1,94	0,12
6	LPD promotional support	0,06	2,13	0,13
7	Quality of human resources managing LPD	0,07	2,64	0,18
8	LPD human resource competency	0,06	2,07	0,12
9	Loyalty of human resources managing LPD	0,06	2,07	0,12
10	LPD organizational culture	0,07	2,51	0,18
11	Commitment and competence of LPD management	0,06	1,99	0,12
12	Support for LPD administration and communication equipment	0,07	2,3	0,16
13	LPD accounting control system	0,07	2,36	0,16
14	LPD Benefits	0,07	2,3	0,16
15	LPD CSR allocation	0,08	2,51	0,20
Total		1		2,34

Strategy For Utilizing LPD CSR in Empowering Subak Sembung Farmers in Peguyangan Village

Identification of LPD External Factors in LPD CSR Implementation

There were 13 external strategic factors identified in this research, including:

- 1) Pakraman village support
- 2) Awig-awig support
- 3) The intensity of traditional and religious activities of the surrounding community
- 4) The education level of the surrounding community
- 5) Financial condition of the surrounding community
- 6) Bali's economic growth rate
- 7) Capital support from the government
- 8) Inflation
- 9) Community attitudes
- 10) Culture/customs of the local community
- 11) Development of the number of financial institutions
- 12) Regional government policies
- 13) Development of information technology

Analysis of the external environment of the LPD in Peguyangan Village was carried out by multiplying the weight by the rating value obtained based on the questionnaire. Table 3 shows the external factor analysis (EFAS) of LPD in Peguyangan Village. The weighted average value is categorized as strength if it is $2.50 < N \leq 4.00$ and is categorized as weakness if it is $1.00 < N \leq 2.50$.

Table 3. External Factor Analysis Summary (EFAS) LPD in Peguyangan Village

No	Eksternal Variable Indicators	Score (%)	Ratings	Weighted Value
1	2	3	4	5 = 3 x 4
1	Pakraman village support	0,09	2,01	0,18
2	Awig-awig support	0,09	1,91	0,17
3	The intensity of traditional and religious activities of the surrounding community	0,08	2,09	0,17
4	The education level of the surrounding community	0,07	2,51	0,18
5	Financial condition of the surrounding community	0,09	2,53	0,23
6	Bali's economic growth rate	0,07	2,2	0,15
7	Capital support from the government	0,08	2,3	0,18
8	Inflation	0,07	2,11	0,15
9	Community attitudes	0,09	2	0,18
10	Culture/customs of the local community	0,09	1,86	0,17
11	Development of the number of financial institutions	0,07	2,6	0,18
12	Regional government policies	0,08	2,26	0,18
13	Development of information technology	0,07	2,23	0,16
Total		1		2,28

LPD CSR Development Strategy in Peguyangan Village

The results of internal and external analysis (IFAS and EFAS) are then entered into an internal-external matrix or often called the IE matrix. In the IE matrix there are nine cells (Figure 1), with the following strategies implemented: (1) the growth and build strategy is applied if the company/institution's position is in cells I, II and IV; (2) the hold and maintain strategy is applied if the company/institution's position is in cells III, V and VII; and (3) the harvest and diversify strategy is applied if the company/institution is in cells VI, VIII and IX

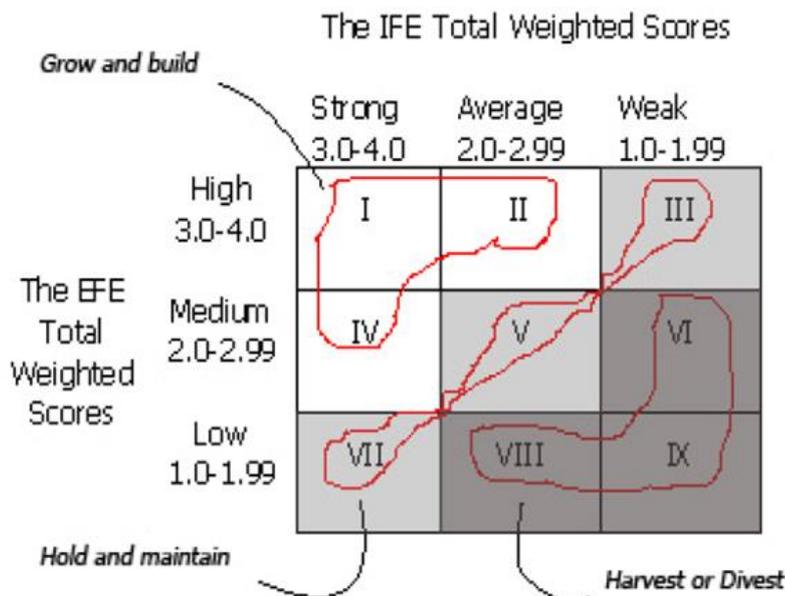


Figure 1. Matrik IFAS - EFAS (Matriks IE)

V. DISCUSSION

Implementation of LPD CSR in Peguyangan Village

Social funds from LPD, often referred to as CSR, are a form of corporate responsibility towards the environment where the company is located. LPD CSR in Peguyangan Village is more directed at easing the burden on manners, especially in religious ritual activities, With CSR LPD assistance for religious ceremony ritual activities, it is hoped that it will reduce the burden on the community for the activities in question, so that people's money can be directed to other, more productive things. However, now the use of CSR LPD in Peguyangan Village has begun to be directed towards environmental preservation such as supporting ecotourism in Subak Sembung, namely the project to repair the jogging track and senderan paving in the Subak Sembung area with a paving road 2 meters wide and 1 kilometer long, this is very helpful for Subak Sembung farmers. to transport fertilizer and transport the harvest of their fields, thereby easing the burden on Subak Sembung farmers in Peguyangan Village in running their farming business. Apart from that, farmers can also sell their crops to jogging track visitors so that they can increase farmers' income.

Identification of LPD Internal Factors in LPD CSR Implementation

Based on Table 2 above, it is presented that the weighted average IFAS value of strategic internal factors, LPD in Kintamani District is currently worth 2.34, which means it is still below 2.5 and is a weakness of the LPD. If classified based on the value range as in Table 1, the internal factors that constitute the strength of the LPD in Peguyangan Village are: (1) The amount of third party funds in the LPD; (2) LPD credit distribution policy; (3) Quality of human resources managing LPD; (4) LPD organizational culture; (5) LPD CSR allocation. Meanwhile, internal factors which are weaknesses of the LPD in Peguyangan Village include: (1) The amount of credit distributed by the LPD; (2) LPD credit interest rate; (3) LPD service quality; (4) LPD promotional support; (5) Human resource competency (LPD); (6) Loyalty of human resources managing LPD; (7) Commitment and competence of LPD management; (8) Support for LPD administration and communication equipment; (9) LPD accounting control system and (10) LPD profits.

Identification of LPD External Factors in LPD CSR Implementation

Based on the weighted average value of EFAS in Table 3, it is presented that the LPD strategic external factor in Peguyangan Village is currently worth 2.28, which means it is still below 2.5 and is a threat to the LPD. If classified based on the value range as in Table 1, the external factors that constitute LPD opportunities in Peguyangan Village are: (1) the education level of the surrounding community; (2) Financial condition of the surrounding community; (3) Development of the number of financial institutions. Meanwhile, external factors that pose a threat to LPD in Peguyangan Village include: (1) Pekraman village support; (2) Awig-awig support; (3) The intensity of traditional and religious activities of the surrounding community; (4) Bali's economic growth rate; (5) Capital support from the government; (6) inflation; (7) Community attitudes; (8) Local community culture/customs; (9) Regional government policies and (10) Development of information technology.

Strategy For Utilizing LPD CSR in Empowering Subak Sembung Farmers in Peguyangan Village

LPD CSR Development Strategy in Peguyangan Village

Based on internal and external analysis, it is known that the weighted average value of IFAS LPD in Peguyangan Village is 2.34 (average) and the weighted average value of EFAS LPD in Peguyangan Village is 2.28 (medium), so its position in the IE matrix is in cell V, which means that the LPD in Peguyangan Village currently has moderate competitiveness and attractiveness, while the strategy currently suitable for application to the LPD in Peguyangan Village is the hold and maintain strategy. The implementation of this strategy is through market penetration and product development.

VI. CONCLUSIONS

From the results of the analysis of the LPD CSR utilization strategy in empowering Subak Sembung farmers in Peguyangan Village, it can be concluded that:

- 1) Some of the profits obtained by LPD are allocated to social funds or CSR. So far, LPD CSR funds in Peguyangan Village have been mostly used for ritual activities at the temple (Parahyangan elements).
- 2) Several internal factors constitute the strength of the LPD in Peguyangan Village, namely: (1) The amount of third party funds in the LPD; (2) LPD credit distribution policy; (3) Quality of human resources managing LPD; (4) LPD organizational culture; and (5) LPD CSR allocation. Meanwhile, several internal factors identified as weaknesses of the LPD in Peguyangan Village are: (1) The amount of credit distributed by the LPD; (2) LPD credit interest rate; (3) LPD service quality; (4) LPD promotional support; (5) Human resource competency (LPD); (6) Loyalty of human resources managing LPD; (7) Commitment and competence of LPD management; (8) Support for LPD administration and communication equipment; (9) LPD accounting control system; and (10) LPD profits.
- 3) Several external factors that constitute opportunities for LPD in Peguyangan Village, namely: (1) The education level of the surrounding community; (2) Financial condition of the surrounding community; and (3) Development of the number of financial institutions. Meanwhile, several external factors identified as threats to LPD are: (1) Pekraman village support; (2) Awig-awig support; (3) The intensity of traditional and religious activities of the surrounding community; (4) Bali's economic growth rate; (5) Capital support from the government; (6) Inflation; (7) Community attitudes; (8) Culture/customs of the local community; (9) Regional government policies; and (10) Development of information technology.
- 4) The strategy that is currently suitable for LPD in Peguyangan Village is the hold and maintain strategy. The implementation of this strategy is through market penetration and product development. What is meant by market penetration is trying to increase the number of LPD customers, which can be done by offering more innovative products so that people are interested in LPD products. Another strategy that can be implemented is that the LPD in Peguyangan Village can distribute credit in the form of products needed by the local community. So that the credit given to the community is more productive. Regarding CSR, if the profits obtained by LPD increase, of course this will have an impact on increasing the portion of LPD's CSR for Pakraman village. So far, the form of CSR has been directed more towards ritual activities at temples (Parahyangan elements), in the future it is hoped that CSR can also be used to support the development of Subak Sembung ecotourism in Peguyangan Village. Subak Sembung Ecotourism has high potential for developing ecotourism to support agricultural and economic development at the Subak and rural levels.

VII. SUGGESTIONS

There are several things that can be suggested as a follow-up to the research results, namely:

- 1) For local governments, to promote possible LPD service product innovations so that LPDs can compete with other financial institutions.
- 2) For LPLPD as LPD supervisors, to routinely provide guidance and evaluation for LPD managers whose competencies do not yet meet competency standards.
- 3) For the managers of LPD and Pakraman Peguyangan Village, in the future it is hoped that CSR can also be utilized for environmental preservation considering that the potential of Peguyangan Village, especially the Subak Sembung area, is very potential for developing natural tourism so that it can provide employment opportunities for the local community.

REFERENCES

- 1) Amartya Sen. 1992. *Contemporary Philosophy in Focus*. New York: Cambridge University Press.
- 2) Arsyad, Lincolin. 2010. *Ekonomi Pembangunan*. Yogyakarta: UPP STIM YKPN.
- 3) Basamalah, Anies S., and Johnny Jermias. 2005. "Social and Environmental Reporting and Auditing in Indonesia: Maintaining Organizational Legitimacy?" *Gadjah Mada International Journal of Business*. January-April 2005. Vol.7.

Strategy For Utilizing LPD CSR in Empowering Subak Sembung Farmers in Peguyangan Village

No.1pp. 109-127.

- 4) Deegan, Craig. 2004. *Financial Accounting Theory*. Australia: McGraw-Hill.
- 5) Dwirandra, A.A.N.B. 2011. "Rekonstruksi Metoda Penilaian Aset dengan Filosofi Tri Hita Karana". Disertasi. Program Doktor Universitas Brawijaya. Malang.
- 6) Gray, R, Kouhy, R and Lavers, S. 1995. "Corporate Social and Environmental Reporting: A Review of The Literature and Longitudinal Study of UK Disclosure". *Accounting Auditing and Accountability Journal*. Vol 8. No.2 pp 47-77.
- 7) Hackston, D. dan M.J. Milne. 1996. Some Determinants of Social and Environmental Disclosures in New Zealand Companies. *Accounting, Auditing and Accountability Journal*. Vol. 9, No.1, 77-108.
- 8) Kiroyan, Noke. 2006. "Good Corporate Governance (GCG) dan Corporate Social Responsibility (CSR) Adakah Kaitan di Antara Keduanya?" *Economics Business Accounting Review*, Edisi III, September-Desember 2006. Hal 45-58.
- 9) Mankiw, N. Gregory. 2007. *Makro Ekonomi*. Edisi ke-6. Jakarta: Erlangga
- 10) Nicholson, W. 2002. *Mikroekonomi Intermediete*. Edisi Kedelapan. Jakarta: Erlangga.
- 11) Siu, Peter. 2001. *Increasing Access to Microfinance Using Information and Communications Technologies*. Chemonics International.
- 12) Stglitz, Joseph E. 2011. *Economic of The Public Sector*. Third Edition. London: W.W. Norton and Company Ltd.
- 13) Suharto, Edi. 2006. *Membangun Masyarakat Memberdayakan Rakyat: Kajian Strategis Pembangunan Kesejahteraan Sosial dan Pekerjaan Sosial*. Bandung: Refika Aditama.
- 14) Sugiyono. 2010. *Metode Penelitian Pendidikan Pendekatan Kuantitatif, Kualitatif, dan R&D*. Bandung: Alfabeta.



There is an Open Access article, distributed under the term of the Creative Commons Attribution – Non Commercial 4.0 International (CC BY-NC 4.0) (<https://creativecommons.org/licenses/by-nc/4.0/>), which permits remixing, adapting and building upon the work for non-commercial use, provided the original work is properly cited.