

Summary

Desa Pakraman is a traditional social organization that is based on *Tri Hita Karana* ideology. This ideology is the basic for *desa pakraman* in realizing the harmony relationships among human to environment that use said as *Palemahan*, human with human or Pawongan, a human with God or *Parhyangan*. One of the realization act of Tri Hita Karana ideology is 'the autonomy right in social-economic, which arrange the relationship among the community and manage the wealthy of *desa pakraman*'. In this context *desa pakraman* creates the LPD (lembaga perkreditan Desa) 'village bank'.

The LPD is an institution that can be equalized with the common bank because it gives the credit and services in payment and money rotation. The LPD should be able to run its operational activity well in order to make a proper internal control structure. This internal control structure has a unique characteristic for its application use a social capital belongs to *desa pakraman*.

An attaching of social capital in the LPD control structure is for all management and the LPD customer themselves. This can't be separated from the reality that all management and customers are the member of *desa pakraman* who have to obey the role (*awig-awig desa pakraman*). Besides, as a formal financial institution, the LPD also apply an accounting based of internal control structure, which is applied to business entity in general. So, there are 2 mechanisms of control that is simultantly berlaku on the LPD, such as the control that follows the roles of an internal control structure, and the control that is based on the use of social capital. This reality, which made the LPD is interesting to be seriously evaluated.

Besides to understand an attaching of social capital in the LPD control structure, this research is also to consent the meaning reason of founding the LPD and its organization structure and the relationship with the *stakeholder* parties. The understanding to the reason of founding the LPD is also to uncover the meaning of the LPD to the member of *desa pakraman*. This meaning then will determine the relationship between the members of *desa pakraman* and the LPD include the disciplines of the members through the LPD internal control structure. This is important to be evaluated for this relationship is not only based on economic aspect but social and cultural aspects.

To realize this point, there are five LPD to be subject of the research. These five LPD are LPD *desa pakraman* Ambengan, Penglatan, Tukad Mungga, Pamaron and Sangsit Dangin Yeh. These LPD were chosen for they have same background in using social capital on its internal control structure. They use social capital well, so they survive from bankrupts caused of staff corruption and sticking credit that had happened.

The use of this research theoretically can be said as input of motivation understanding and meaning reason of one economic behavior, organization structure and applying an internal control structure with social capital. Next, this understanding can be used practically by some parties such; local government, BPD, and soon in order to increase the prestige of LPD so the point needed can be optimally realized.

This research uses a qualitative method that is emphasized on the understanding to social phenomena from the participant perspective, or emic perspective. Data collection is done by using an interview method, documentation study and

observation. These data are then reduced in order to get the used data in making conclusion. Then these data presented on narrative text that has form unity, regularity, patterns, explanation, configuration meaning, and space of cause and effect. The last step is taking a conclusion by referring on proposition that has arranged before.

The result of this research refers to; 1) the reason of founding an LPD is started by an instruction from government, then well accepted by community for the existence of the real need to financial institution that can supply cash, 2) the LPD has two main stakeholders such; the member of *desa pakraman* and the local government, which in its interaction is very closed to social capital especially *Tri Hita Karana* ideology, 3) Social capital that is input into LPD management is in the form of *trust*, social network and regulation.

From the result of this research, it can be submitted some suggestions that is able to strengthen and fill the emptiness and weakness of internal control structure. First, the LPD is hoped to be able to keep the social capital that belong in order to keep survive. Second, the use of social capital has kept stay on context of *desa, kala, patra (place, time, custom)*, so it can be more adaptive and contextual. Third, social capital is needed to be more discipline in applying an internal control structure.

ABSTRACT

Village bank '*Lembaga Perkreditan Desa (LPD)*' is a financial institution that is formed by the village '*desa pakraman*'. On its operational activities, besides applying the principal of management just like the other financial institution, an LPD also using social capital. An attaching of social capital is also used in applying an LPD internal control structure. This makes the LPD grows and able to be the main financial institution for the member of *desa pakraman*. This background make the LPD interesting to be evaluated in order to know; 1) the motivation and meaning reason of forming the LPD, 2) the organization structure that arranges the relationship between the LPD and its stakeholders, and 3) the form of social capital attaching on the LPD internal control structure.

This research uses a qualitative method that is emphasized on description and interpretation of human behavior on internal control structure application. The research is done on 5 LPD in Buleleng regency, such: LPD *desa pakraman* Ambengan, Penglatan, Tukad Mungga, Pemaron, and Sangsit Dangin Yeh. The reason of choosing these locations is for these LPD has the same background in using social capital on an internal control structure. This research done in 4 steps, such; 1) data collection, 2) data reduction, 3) data presentation and 4) data analysis and conclusion.

The result of this research shows that; 1) the reason of forming an LPD is started by an instruction from government, then well accepted by community for the existence of the real need to financial institution that can supply cash, 2) an LPD has two main stakeholders such the member of *desa pakraman* and the local government, which in its interaction is very closed to social capital especially *Tri Hita Karana* ideology, 3) Social capital that is input into LPD management is in the form of *trust*, social network and regulation.

Keywords: *Lembaga Perkreditan Desa (LPD)*, *desa pakraman*, internal control structure, social capital.