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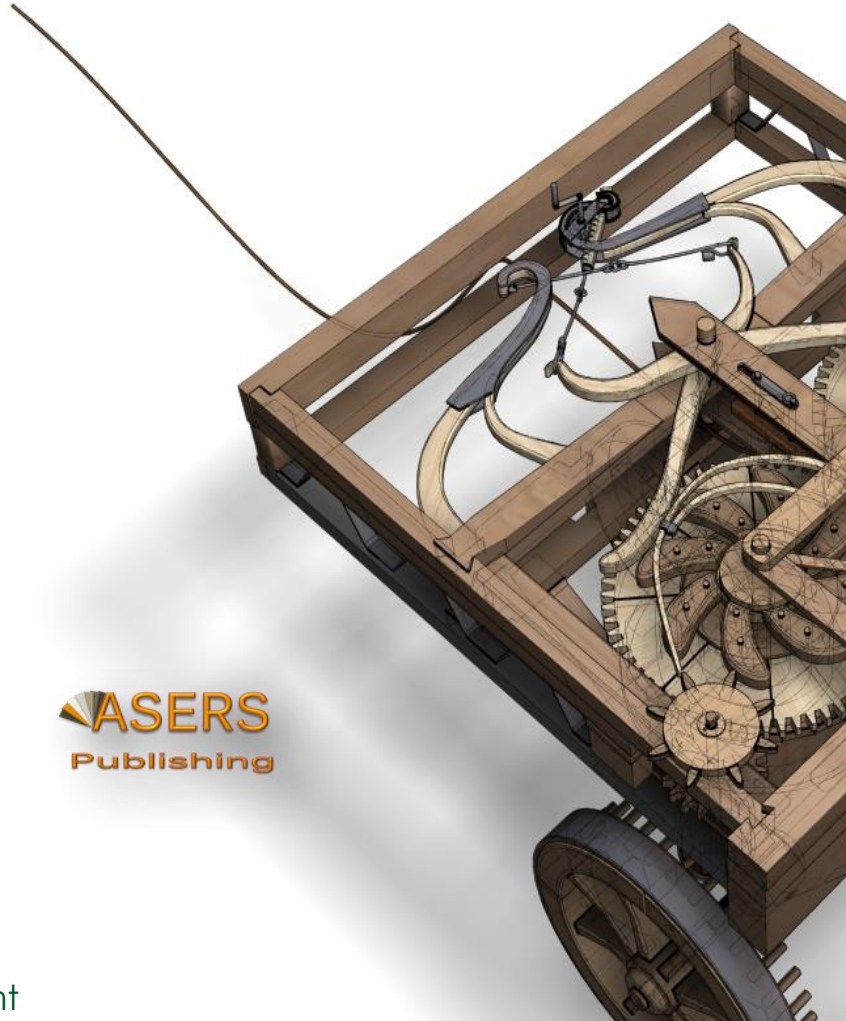
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Create Sustainable Competitive Advantage through Environmentally Friendly Culture of Village Credit Institutions

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Abstract

The purpose of this research is to obtain empirical The Village Credit Institutions "Lembaga Perkreditasi Desa" (herein after abbreviated to as Village Credit Institution)" in Bali has a unique organizational culture. It owned by traditional villages in Bali are able to compete with other modern banking. This scientific work discusses sustainable competitive advantage management and the values of the organizational culture that strengthens of Village Credit Institution get the trust of the people of Bali, able to compete with modern banking institutions. The result of the research shows that a sustainable competitive advantage management strategy coupled with the awig-awig strength in the Village Credit Institution as a medium for the role of community discipline, pade ngelahang's attitude is able to build the confidence of local villagers and the strength of the human resource role in menyame braye as an effort to build shared values..

Keywords: Village Credit Institution; Organizational Culture; Sustainable Competitive Advantage; Management.

JEL Classification: G23; G41; G28; G32.

Introduction

Due to constantly volatile economic changes, the company's financial capacity to adapt and respond flexibly to change is a strategy for their survival and competitiveness. But it is not the case that, by theory, every organizational culture and human resource is the most valuable and key asset to achieve competitive advantage. However, the other physical assets don't like with the human resources, because have their own expectations, needs, and peculiarities so that must be met and managed if they want to contribute with the company's change management efforts (Lim, Wang, and Oo, 2017). In creating a competitive advantage, every businessman must continually focus on identifying and creating differential product strategies, building or reshaping core competencies, acquiring unique technology, and listing all intellectual people (human resources), all of which can be utilized to make every business sector successful in a very competitive market (Suharsimi 2010). Understanding Organizational Culture proposed by experts is very diverse. Some are defining organizational culture philosophically, but some are more operational. If the philosophical nature of Organizational Culture is a belief, norms, and shared values that become characteristics of a company. If organizational culture leads to operations more clearly reflects the behavior of members of the organization. Schein (Ahmed and Shafiq 2014) said the Organizational culture is combination of values, beliefs, and norms which may impact the way employees behave, think and feel belonging in the organization. The research of (Nelson, Taylor, and Walsh 2014) said, there are 4 functions of organization culture: providing sense of identity to members, enhancing the commitment, strengthening organizational values, and shaping behavior through a control mechanism (Ahmed and Shafiq 2014), In a highly competitive business situation including in Indonesia today, the management of the business

sector needs to formulate the right business strategy and implement it responsibly in business activities for improving business performance to ensure the existence and continuity of the business. To be able to collect significant funds from the community, it is necessary to have a significant customer too. Furthermore to get significant customers to need to be supported by the provision of adequate human and technological resources. This concept of thinking needs to be developed in every business in order to achieve the expected performance of the business sector. Hakim (2015) said that some of the views of the organizational culture in this research were all systems of values, norms and rules that have been created by the organization so that it can serve as a reference adhesive and employees in carrying out their duties and responsibilities as a member of the organization, particularly with regard to innovation and decision, attention to detail, outcome orientation, people orientation, team orientation and aggressiveness and stability. The relationship of research of Swedberg (2006) related cultures has an effect on economic activity. Max Weber's view if observed is also found in Balinese Culture. Balinese people have traditional values as a pattern of behavior of Balinese people's economic life. The pattern of behavior in the community can be considered in every area of pakraman village. The understanding of pakraman village can be referenced from Local Regulation No. 3 Year 2003 About Pakraman Villages as a unit of customary law community in Bali which has one unity of tradition and manners of social interaction of Hindu society from generation to generation in the bond of heaven three or heavenly villages having certain territory and own property and entitled to take care of the household own. There were 1,486 Pakraman Villages in Bali. Interestingly in one village pakraman there is a unity of traditions and societal manners based on the guidance of Hinduism. Hinduism plays a role as a bond of emotional connection between citizens, expressed in one faith through the place of praying Hindus called the three heavens. Each pakraman village has its own assets and in governance Pakraman Village is autonomous, or free from government interference. In the local regulation on the Village of Pakraman it was explained that the village of pakraman has the right to autonomy in managing village property, without government interference. However, in reality, to seek wealth has not been in line with expectations, especially in terms of financial services as the support of community welfare. In general, the national public banks are still dominant governing the economic life of Balinese people. Commercial banks, sharia commercial banks, and rural banks have professional managerial and technological skills, but their presence is still not enough to address the basic problems of rural communities in Bali. To that end, the Bali Provincial Government seeks to strengthen the traditional financial institutions belonging to the village of Pakraman, namely Lembaga Perkreditan Desa (Village Credit Institution) to be able to work on the basic problems of rural people in Bali. Gunawan (2011) said that based on the cornerstone of Village Credit Institution formation is Bali Province Regulation No. 2 of 1988 that has been updated by Local Regulation No. 8 of 2002 as a legal source for Village Credit Institution life in Bali among other things includes: understanding, intent and purpose and Village Credit Institution management. Village Credit Institution in Bali is an established Institution by traditional villages and serves as a container of wealth customary villages that carry out the empowerment function economy of rural communities in Bali. The existence of Village Credit Institution in every pakraman village is expected to be able to overcome the problems such as the difficulty of access to banking due to problems of public guarantee, legal provisions as well as the distance of the bank office with citizens. The role of government is needed in strengthening the Village Credit Institution. Although Village Credit Institution management, including those related to human resource aspects, is based on local wisdom, Village Credit Institutions have a competitive advantage as an intermediary institution that seeks to prosper the Balinese (Sadiartha 2017) The success in today's global, interconnected economy springs from the fast and efficient and effective information exchange. Sustainable competitive advantage is no longer dependent on physical assets and capital, but ineffective distribution of human capital (Halawi, Aronson, and McCarthy 2005). The idea of competitive advantage especially to measure the success of an organization that is developing and capable of defeating competitors. The relative success could be measured by economic value that an organization able to generate. Mahdi and Almsafir (2014) said that Continuous Competitive Advantage as global competition becomes increasingly fierce, how companies must be able to maintain competitive advantage or so that achieving sustainable competitive advantage is gaining attention. Barney and Hesterly (2008) said that distinguished between two types of competitive advantage: temporary and sustainable competitive advantage. Sitorus (2017), Porter said that the concept of competitive advantages originated as company's ability to achieve economic benefits above the target profit set by competitors in the marketplace in the same industry. According to them, competitive advantage must be able to generate high profits, but this profit is able to produce intense competition and competition in achieving excellence. Competitive in most cases is the most temporary competitive advantage.

1. Objectives and Theories

This study discusses sustainable competitive advantage management and the values of the organizational culture that strengthens of Village Credit Institution get the trust of the people of Bali. Village Credit Institution's ability to compete with modern banking institutions, as well as the impact of cultural values of the Village Credit Institution on the people of Bali. Lim, Wang, and Oo (2017) said that point out that organizational culture, commitment, education, job motivation, job satisfaction, job security and positive affectivity can collectively improve employees' acceptance of change and their ability to embrace it. Hofstede (Ahmed and Shafiq 2014)) said that there are four dimensions of organizational culture are as followed: 1) Power Distance, 2) Individualism versus Collectivism, 3) Masculinity/Femininity, 4) Uncertainty Avoidance, 5) Long-term Versus Short-term Orientation. So, the purpose of this study is to provide an understanding to the public at the importance of sustainable competitive advantage management and the values of organizational culture that strengthens of Village Credit Institution get the trust of the people of Bali and financial institutions that excel in the field of financial services amid the global competition as well as the principle of sustainable culture of the Organization for the people of Bali. In accordance with Ratna (2010) and Cotten, Tashakkori, and Teddlie (1999) this research is a qualitative interpretive research that the data collection process was done by conducting interviews with 8 informants, namely: the character of Village Credit Institution, the general public, and adat, the authorities in the government.

Organizational Cultural of Village Credit Institution

Village Credit Institutions have distinctive organizational cultural values. Among them are Tri Hita Karana (THK) and local awig-awig policies. THK is a philosophy that prioritizes the harmony of human relationship with God (parahyangan), man with his fellow man (pawongan) and man with his natural environment (Mantra 1996). The existence of Village Credit Institution also supports the actualization of THK philosophy in the life of local villagers (Sadiartha 2017). Furthermore, the awig-awig of Village Credit Institution is a local communities rules that was made by krama (local community) of pakraman village and subsequently determined by bendesa (head of the Pakraman village administrators) to be guided in implementing the governance and as well as the existence of sanctions like credit borrowers who do not fulfill their obligations. As a cultural heritage, Village Credit Institution belongs to the village of pakraman and its customers are the villagers of pakraman (krama). The social structure of krama (local communities) can be divided into krama ngarep are those who are born or the origin of their pakraman village. This was regarded as the main structure and krama tamiu as migrants recorded and live in pakraman village, this is the second structure that is not bound by the provisions of ketetuan basic village pakraman, but subject to the provisions as krama tamiu. In ancient times the habit of rural people to do something together called sekehe. Like borrowed borrowing called sekehe squat. The idea of sekehe squat is an inspiration for Prof. Ida Bagus Mantra as Governor of Bali, academician, and initiator of Village Credit Institution establishment.

Sekehe and Pade Ngelahang Value of Village Credit Institution

Village Credit Institution was born, grew and developed from the existence of the traditional organization, namely sekehe. The organization culture of Village Credit Institution rooted in the existence of the traditional Sekehe organization has at least two underlying values, namely: (1) pade ngelahang, ie the spirit of having (sense of belonging) the village krama against the difference of Village Credit Institution in its adat village; (2) pang pade payu, which means equally sold, accepted, and developed (Sadiartha 2017). Excellence is a continuous effort to be the best (Wibowo 2010).

Excellence Menyame Braya as Organizational Culture

Menyame Braye was a fraternity attitude in the relationship between the people in the local pakraman village. Menyame braye has been used as an approach strategy in the Village Credit Institution member recruitment process, as well as in solving problems related to Village Credit Institution service to its customers. Village Credit Institution management is recruited from local villagers. Often encountered, Village Credit Institution managers are still lacking financial experience and are afraid of making mistakes. With the approach menyame braya, bendesa recruit Village Credit Institution officials from local residents. The strategy of menyame braye by way of appointment is more often used to elect the chairman, secretary, and treasurer of the Village Credit Institution. Administratively all of the board, and Village Credit Institution employees get salary according to Village Credit Institution capability each and production service equal to 10 percent from profit one year (Bylaw Organization 2017). Officers and employees implement the attitude of menyame braye if there are errors in the service because the computer

system is interrupted so that customers cannot transact, also in the service to customers to provide ease of credit process or credit process quickly.

The Sustainable Competitive Advantage Management as Strategically Managing of LPD Organization

Barney, J. *et al.* (Aida *et al.* 2015) said that Sustainable competitive advantage is a business strategy based on firm's resources that support firms to sustain their competitive advantage by outperforming others in a competitive market. Liu (Aida *et al.* 2015) Moreover, sustainable competitive advantage is a concept of achieving financial and market benefits, and distinctive dynamic capabilities which has emerged as a vital research field. Montgomery and Porter (Vinayan, Jayashree, and Marthandan 2012) state that the only way to sustain a competitive advantage is to upgrade it. That is, to move to more sophisticated types.

Sustainable Competitive Advantage Management and Organizational Culture as Strategically Managing of Village Credit Institution

Organizational culture plays an important role as a factor of competitive advantage company originating from cultural uniqueness, which makes it its unrivaled and guaranteed dynamic characteristics sustainability of the company. Again explained that the resources and potential company capability become a competitive advantage when valuable, rare, expensive to imitate, and organization (policy and company support procedures utilization of all three resources) (Barney and Hesterly 2008). Research previous relationship operating strategy, an organizational culture based awig-awig, performance operations, and competitive advantage sustainable. Village Credit Institution binds the feeling of discipline Implementation of awig-awig can enforce customer discipline in paying Village Credit Institution's credit. The offenders get punishment, including "Kasepekan", the ie social sanction is issued as a member of krama Desa pakraman local. Evidence of awig-awig violations occurred in 19 Bebetin residents from five indigenous banjar threatened "Kasepekan", because dozens of people were unable to pay off the loan at Village Credit Institution Pakraman Bebetin, Sawan Sub-district, Buleleng Regency. The LPD Organization management and the pakraman village administrators have made an approach to find a solution through the strategy of menyame braye, but failed. According to Klian (chairman) of Pakraman Bebetin Village, Ketut Suwinda, before he dropped his sanctions, several times his side had taken mediation steps and gave oral and written reprimands, even pakraman village ever mengultimatum for arrears settled. Unfortunately these efforts are not responded and ignored. The names of the delinquents are announced in a 2-meter 3 meter billboard installed in front of Pura Desa Pakraman Bebetin and given the last deadline of 24 February 2018 and finally the awig-awig law is carried out ie doing kasepekan (Balipost Magazine No. 223 dated March 12, 2018:7). Village Credit Institution's profit was distributed for pakraman village as Village Credit Institution owner according to Village Credit Institution regulations is 20 percent and 5 percent for social activities in pakraman village. This was in line with the concept of pade ngelahang if people use Village Credit Institution products Village Credit Institution then get a subsequent profit contribution in accordance provisions utilized by the village pakraman. All pakraman villages get this contribution if Village Credit Institutions are able to make a profit. The funds are used to renovate some temples as a means of Hindu worship, lighten the burden of the community in the implementation of prayers in the village of pakraman, and strengthen the cultural values of the younger generation through the practice of dancing, gong exercises, and still a lot of Balinese art that is transformed to the younger generation.

2. Case Studies

The island of Bali is actually inseparable from the land covered by so many pakraman villages, or no land in Bali that is not included in the village of pakraman. The total number of pakraman villages in Bali are 1.486. Every pakraman village should have Village Credit Institution. There were 96 percent or 1,433 unit of Village Credit Institution (LP-Village Credit Institution Bali Province 2018). According to the explanation of the Head of Bali Province, Economic Bureau affirmed that the village of pakraman not yet owned by Village Credit Institution within the next five years should have Village Credit Institution. According to Cendikiawan as Chairman of LP-LPD To Combine sustainable competitive advantage as a management strategy step to advance the organization of LPDs as well as the organizational culture values that become the spirit of Village Credit Institutions sourced from local wisdom as inspiring as the formation of Village Credit Institutions, the Balinese community's belief in Village Credit Institution is based on pade ngelahang attitude reflected in the collection financial strength (assets of Village Credit Institution) based on Tri Hita Karana philosophy, local law (awig-awig, perarem) as moral values that build awareness to obey and discipline in settling credit obligations. By having a strategy of sustainable competitive advantage and the value of Organizational Culture, making the spirit of Village Credit Institution as a strong and reliable traditional financial institution has a superior performance and can compete competitively with other

modern commercial banks. The role of a sustainable competitive advantage management strategy coupled with the awig-awig strength in the Village Credit Institution as a medium for the role of community discipline, pade ngelahang's attitude is able to build the confidence of local villagers and the strength of the human resource role in menyame braye as an effort to build shared values. To strengthen the role of microfinance institutions in rural communities, this research suggests the government both at the center and in Bali to expand the publication of the benefits of Village Credit Institutions as traditional financial institutions throughout Indonesia and the world to be inspired in their respective areas, adapted to local culture., the limited access of these villagers gave opportunity to the practice of loan sharks so that the economic difficulties became a scourge of the community. The involvement of the Government (Provincial of Bali and the districts) according to Arnaya and Anak Agung Rai from LP-Village Credit Institution Bali Province, actually aims to reduce poverty levels and concrete steps Provincial and Regency / municipal governments as Bali provide Village Credit Institution initial capital support, assistance to build Village Credit Institution office buildings, strengthening the beliefs of the village leaders of pakraman and the community about the importance of Village Credit Institutions or the improvement of people's welfare. Achievement of the existence of 1,433 Village Credit Institutions in each pakraman village throughout Bali as evidence of how strong the trust of the village community and its management of the benefits of Village Credit Institution. The community's trust is one of them influenced by awig-awig as local customary law which gives confidence that their funds are safe and credit borrowers become worried about the social sanctions that can be imposed on them if they become bad credit customers. Trust is one of the principles in financial institutions. The results of this study show how strong public confidence in the Village Credit Institution, and this study was in line with the discussion of Joseph (2018) which delivered the Organizational Cultural Research results from Ouchi in 1981 related to Theory Z which explains the secrets of excellence Japanese corporate management practices than the industry in the United States, Japan's corporation is superior in terms of effectiveness and efficiency is influenced by cultural factors, one of which is trust (trust).

Continuous effort, especially from Village Credit Institution management through pade ngelahang approach as a behavior attitude, invites all components of pakraman village to feel belonging to Village Credit Institution. Pade ngelahang is the local language of Bali, in the relationship of social relations between villagers pakraman associated with the existence of Village Credit Institution in his village. The actualization of the value of pade ngelahang is the awareness of local people to save their funds (in the form of savings and deposits) in the Village Credit Institution. Village Credit Institution does have products in the form of savings in the form of savings and deposits, as well as providing loans/credits for the consumer, investment and venture capital. Bendesa pakraman village as adat board with Village Credit Institution management continue to socialize and give an understanding how important Village Credit Institution as property of pakraman village. Joint efforts to invite villagers as part of Village Credit Institution owners has paid off. Village Credit Institution is accepted by the people of Bali and continues to grow. Data LP-Village Credit Institution Bali Province (2018) shows, the number of Village Credit Institution customers as savers of 1,954,403 people and as depositors, as much as 172,698 people while as credit borrowers as much as 429,693 people. The Village Credit Institution management effort in building public trust towards Village Credit Institution appears to be successful. This was in the opinion of Rhenald Khasai (in Joseph, 2018) that every organization must have unique value as an organizational culture, even the value of organizational culture is closely related to the marketing strategy of leadership. In Theory Z of Ouchi there is a sense of intimacy as a representation of the spirit of togetherness and prioritizing group culture (Yusuf 2018). This was in line with the value of page ngelahang as a typical concept of Balinese people who feel they have Village Credit Institution in their village.

The reason for the ease and speed of this credit process according to the Chairman of Village Credit Institution Desa Pakraman Denpasar more because the customer is a local citizen so it is very well known character. The character of the customer in the credit management process occupies an important position because bad characters are difficult to get credit in the Village Credit Institution. The excellence Of menyame braye in line with Theory Z of Ouchi which emphasizes Subtlety or human relations as the superiority of Japanese corporations in the global era (Yusuf 2018).

With that saying and building on all the above four views, the measure for Sustainable Competitive can be devised with four major dimensions. They are (1) Effective Supply Chain Management (2) Product differentiation and Innovation, (3) Organizational responsiveness; and (4) Cost Leadership. From the experience of its board members and management, the Village Credit Institution has a number of competitive advantages: Proximity, direct and easy access for everyone, Personal contact and a sense of belonging, Convenient services, doorstep collection of savings and repayments, Simple procedures, Rapid service, Payment services for electricity, water

and phone billings (only by larger Village Credit Institutions), Tax-free deposits, Low borrower and saver transaction costs, Profit benefits the community.

Social funds are used to help villagers who have difficulty financing education or other problems in accordance with the village program pakraman. Village Credit Institution contributions can strengthen the values of branding as a social capital of Village Credit Institutions. Srivastava *et al.* 2013 said the Processes that must be considered in the conduct of sustainable competitive advantage are 1) Leadership, 2) Communication, 3) Systems, 3) local Culture, 4) Language, 5) Social, 6) Technology, 7) Interactions. Thus, in order to manage sustainable competitive advantage along with the implementation of organizational culture, strategic steps undertaken by Village Credit Institutions are 1) The LPD Organization must have Vision & Mission, 2) The Leadership of Village Credit Institutions leaders to the degree of employee motivation, strategy definition, overall priority and execution efficiency, Engagement and Incentives, Organizational Design, Corporate Governance and Legal, 3) The Operations of Operational excellence Village Credit Institutions is known to be fundamental to Village Credit Institutions success, 4) Customer and Market Factors of Village Credit Institutions building trust, leading to more receptive customers and eventually to preferential relationships, 5) Development and Alignment – Defining the Village Credit Institutions direction and chosen markets in strategic planning, strategic marketing teams, translating strategy into context for everyone and the importance of goal alignment. 6) R&D Design and Focus– The ability for Village Credit Institutions to harness innovative technology and product ideas and generate new technology is the primary source of competitive advantage, 7) Recruitment and Performance Management– Village Credit Institutions have a good potential of Human Resources thus could manage the Village Credit Institutions as the organizational culture. Nurcahaya (2008) said that The successful development of the LPD industry has been mainly due to two factors: the integration of LPD into the Balinese custom village and the high commitment of the Government of Bali, which adopted a long-term strategy in developing a system of village financial institutions, which includes an enabling regulatory and effective supervisory framework as well as a training and technical support infrastructure necessary for the selfreliant and sustainable development of village financial institutions.

Conclusion

To Combine sustainable competitive advantage as a management strategy step to advance the organization of LPDs as well as the organizational culture values that become the spirit of Village Credit Institutions sourced from local wisdom as inspiring as the formation of Village Credit Institutions, the Balinese community's belief in Village Credit Institution is based on pade ngelahang attitude reflected in the collection financial strength (assets of Village Credit Institution) based on Tri Hita Karana philosophy, local law (awig-awig, perarem) as moral values that build awareness to obey and discipline in settling credit obligations. By having a strategy of sustainable competitive advantage and the value of Organizational Culture, making the spirit of Village Credit Institution as a strong and reliable traditional financial institution has a superior performance and can compete competitively with other modern commercial banks. The role of a sustainable competitive advantage management strategy coupled with the awig-awig strength in the Village Credit Institution as a medium for the role of community discipline, pade ngelahang's attitude is able to build the confidence of local villagers and the strength of the human resource role in menyame braye as an effort to build shared values. To strengthen the role of microfinance institutions in rural communities, this research suggests the government both at the center and in Bali to expand the publication of the benefits of Village Credit Institutions as traditional financial institutions throughout Indonesia and the world to be inspired in their respective areas, adapted to local culture.

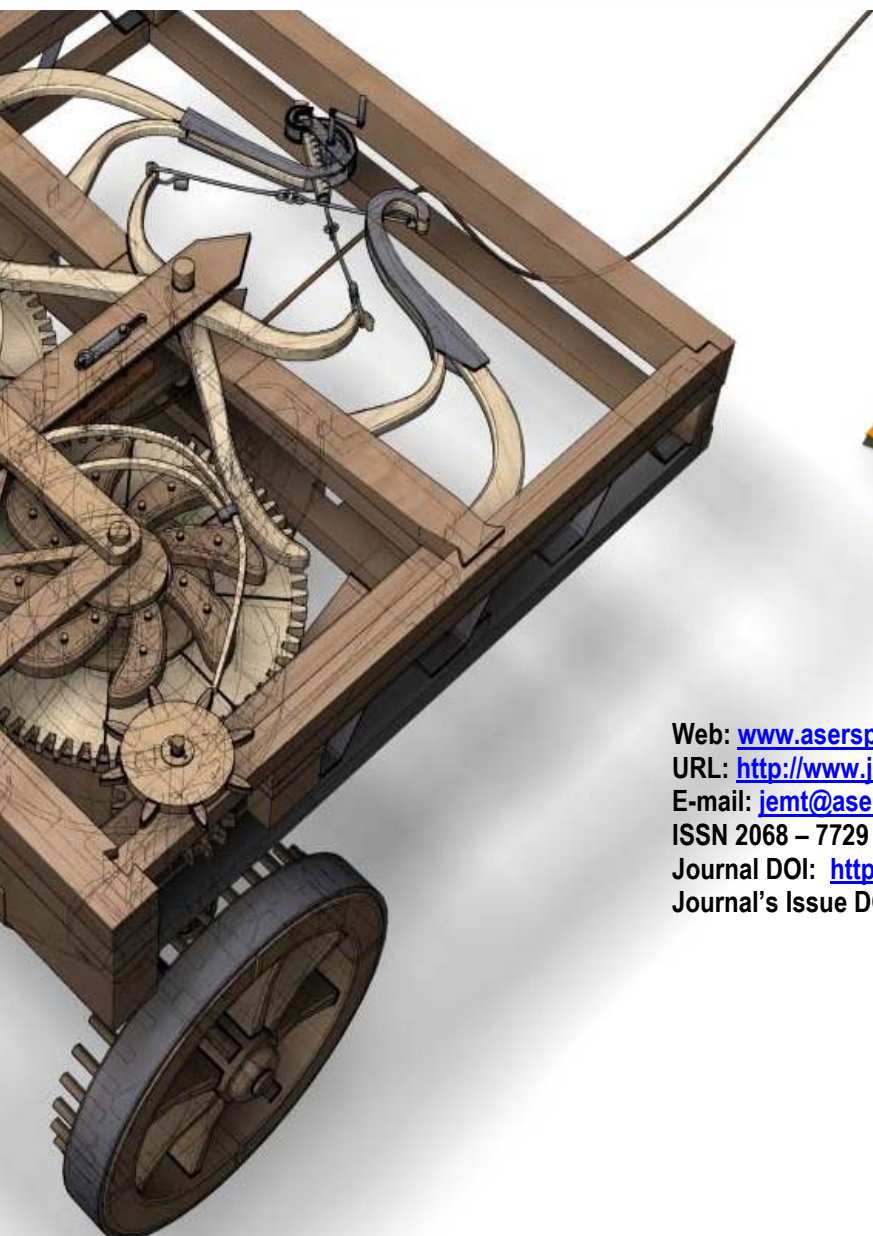
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