

Research Article

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## Contra hegemony in village credit institutions (LPD) in Badung regency

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### Abstract

Village Credit Institutions or 'Lembaga Perkreditan Desa' (LPD) is a traditional finance organization which belongs to Desa Adat in Bali and it is developed continuously. The existence of LPD in Bandung regency is managed by the administrator such as; the government of Badung Regency, the government of Bali province and the central government. This writing focused in discussing two main things; first, the hegemony practice of the authority in LPD dynamic management in Badung regency and second, the form of contra hegemony against hegemony in LPD dynamic management in Badung regency. This writing was a result of the qualitative research in the perspective of culture studies. The data was collected through observation, literature studies and deep interview with 15 participants who were managers, client, and observatories of LPD in Bali. Data analysis was done by descriptive qualitative and interpretative which applied some eclectics theories such as; hegemony theory of Gramsci, practice theory by Bourdieu, and the authority knowledge of Foucault. The result showed that hegemony and contra hegemony practices were happened in LPD dynamic management in Badung regency. The authority hegemony in LPD management was done by the government of Badung regency, the government of Bali province and the central government. That hegemony practices were done through regulation, LPD's management procedure, and the development of leadership knowledge and intellectuality and the capacity of LPD managers. There was contra hegemony of the government of Badung regency and Bali province against the central government. Discourses related to hegemony and contra hegemony were the part of LPD's dynamic management. As a Balinese traditional financial organization, LPD was able to support the economical growth and increase the prosperity of societies in Bali.

### Keywords

*hegemony,  
management of LPD in  
Badung,  
the villagers'  
prosperity*

## I. Introduction

The government continuously tries to increase the prosperity of its society, socially and economically. Developing micro financial is one of the efforts done. Micro financial bureau or Lembaga Keuangan Mikro (LKM) is an economic development tools that has been developed in the end of 1990s to give benefits to those who has low income (Arsyad, 2008:1). LKM is a holistic system of management procedure which has been created based on local economic and social condition. The villagers who are rarely touched by modern banking are expected to be able to serve through

a financial organization that has no complex mechanism and requirements and has simple mechanism in deposit and loan.

Based on the formality level, Arsyad (2008:84) categorized LKM into three groups. First, formal institution, it consists of financial organization which has been validated by the government, tied by law, the supervision done by the government and central bank/ Bank Indonesia. The commercial bank belongs to this category is Bank Rakyat Indonesia, through its village

unit system, society credit bank and a non-bank financial bureau such as; village credit, credit organization like village credit organization in Bali. Second, informal institution consist of expediter which operates beyond the formal system and government supervision such as saving club (*arisan*) to give some loan to certain individuals and merchants. Third, semi-formal institution consists of the organizations which are not regulated by the bank authority but they are registered and licensed by the authorities and government, such as; cooperation, an independent society organization and prosperous family program.

In 1980s, most of Balinese, especially those who lived in rural area experienced economical difficulties and trapped in debt from traditional financial organization. Because of that, considering Arsyad's opinion, Governor of Bali, Ida Bagus Mantra in 1985 established a financial organization to help the societies in the rural area. The rule of this financial organization was avoiding the poor society from usurer practices and gave them credit to support their business.

As the pilot project, it was built a village credit organization (known as Lembaga Perkreditan Desa or LPD) in every regency. LPD was built through a village competition; the village that won the competition was given some amount of money as the prize, the money then used as financial capital to build a LPD. Based on the agreement of the local *desa adat*, got a recommendation from regent, and got an operational license from the governor of Bali, the new LPD was suitable to be built. In the early establishment in 1985, there were only eight units of LPD in Bali, thus a new LPD was built. However, by the end of 2015, there are 1,433 which spreading to every part of Bali (LPLPD Provinsi Bali, 2016). Although LPD develops significantly, but its capability to increase the prosperity of *krama desa* still find many difficulties. LPD has not fulfilled its mission yet to support economical growth and increasing the prosperity of *karma desa adat* in Bali (Biro Ekonomi dan Pembangunan Setda Bali). The economical condition of the people in Balinese rural area decreased recently, it create the imbalance within the poor people in the rural area (Henrayana,2010).

As the traditional finance organization, LPD continuously reflected itself by applying a modern banking technology. The ability of LPD in adapting modern technology cannot be separated from the ability of LPD's capital itself. This was done to make LPD able to give optimum service to its clients. The capital components of LPD consists of the initial capital and the profit gained from the activities which have been regulated in Keputusan Gubernur Bali Nomer 13 Tahun

1999 about depositing and the usage of the final profit of LPD. The final profit of LPD which every year regularly deposited to the bank account of Tim Pembina Lembaga Perkreditan Desa Tingkat I Bali through PT BPD Bali.

LPD in Badung regency is managed by Perda Kabupaten Badung Nomor 19 Tahun 2001 about LPD. Besides that, the management of LPD in Badung regency is regulated to strike on the policy of higher government; Perda Provinsi Bali Nomor 8 Tahun 2002 about LPD (as the substitution of Perda Provinsi Bali Nomor 3 Tahun 2007 about LPD) and Keputusan Gubernur Bali No. 13 Tahun 1999 about LPD). Based on Keputusan Gubernur Bali No. 13 Tahun 1999, each regency/town in Bali is responsible to deposit the fund for LPD founding to the bank account of Tim Pembina Lembaga Perkreditan Desa Bali through PT BPD Bali. With the excuse of otonomy, Badung regency does not deposit the fund of LPD founding. This situation does not obey the governor's policy; this is a contra hegemony practice by relishing Peraturan Daerah Kabupaten BADung No 19 Tahun 2001 about LPD.

In Peraturan Daerah Kabupaten Badung is regulated that the fund of LPD founding, is deposited to Badan Kerja Sama LPD (BKS-LPD) Badung regency every year, and it can be used after getting agreement from the regent. The disobey of Badung regency toward Keputusan Gubernur Bali No. 13 Tahun 1999 is a discourses as the contra hegemony form toward the government of Bali province in managing LPD in Badung regency.

However, as a traditional finance organization, LPD is regulated through Perda Provinsi Bali. Menteri Dalam Negeri Republik Indonesia in 2009 expected that the government of regions socialize the income, founding, education, and facilities to the LKM which has not been legalized by law to be transformed into BPR, cooperation, or Bumdes in 2010 which are funded by the APBD of each region. As the part of LKM, LPD is expected to have legalization under the law.

The effort to manage LPD to have low legalization got some responds from the province, regency, LPD managements, and from the societies. The central government's policy related to LKM was not obeyed by Badung government. The central government hegemony related to the LKM that manage the law status of LPD got contra hegemony reaction both from the government of Badung regency and Bali province. In the other side, the central government expects the LPD is developed based on the law as the banks and other finance organizations, however, the government of Badung regency and Bali province keep the LPD as the local

genius in the form of finance organization to empower the Balinese. Related to this LPD discourses, this writing focuses on two main problems; the hegemony practices by the authority in managing the LPD in Badung regency and the form of contra hegemony in LPD management in Badung regency.

This writing is the result of a research done through qualitative method and culture studies the approach. The data was collected through observation, literature study and deep interview with 15 informants such as the founder, managements, and the observer of LPD in Bali. The research instruments were the researcher himself, through the assistance of interview guides, stationaries, recorder and camera. The analysis was done through descriptive qualitative and interpretative methods, through some eclectics' theories such as; Gramsci hegemony theory, practice theory of Bourdieu, and the authority theory of Foucault.

## **II. Discussion**

### **Hegemony Practice of the Authority in LPD Management**

The government's rule in market economy system related to two things; (1) the market failure in the economy system opens the possibilities of the country's rule to support the actualization of effect market mechanism. The aim was to make the people involved in market economy optimize their prosperity, (2) there was income distribution failure and the imbalance of societies' prosperity. The rule of the country from the economical angle in Rachbini (2002;130) was place in the framework to reach the economical prosperity of the societies, and country has legal authority to do hegemony or to force through legal instruments, including Perda that manage LPD.

Hegemony practice by the authority in the dynamic LPD management was done through regulation, the procedure of LPD management, forming the supervisor bureau for LPD, and hold training to increase the knowledge of leadership, intellectuality and the capacity of LPD managers. The region regulation related to LPD contained the requirement of LPD forming in every desa adat and only the karma adat which are allowed to get credits from LPD. The operation rule of LPD which was limited made the LPD marginalized compare to the general bank or credit bank which had wider access. The hegemony of the authority toward the management of LPD was also done in the form of authority given to PT BPD Bali as the technical coach and developing the

guidance of LPD management procedure thus aimed in making healthy and transparent LPD.

The government hegemony in managing LPD was also done through the authority distribution to the LPD managers. The founding for managers of LPD and LPD internal supervisor was the effort to increase the human resources of LPD management. The increasing of LPD managements' human resources was a cultural capital as it was stated by Bourdieu. Education as cultural capital was viewed important by certain group and could not be ignored, since the cultural capital possessed by certain individual could demand his position in certain sector. This cultural capital could change into symbolic capital within the individual himself. According to Bourdieou, symbolic capital is an authority which allowed someone to get something that could be got through economical authority ( Mutahir 2011;69)

The government hegemony was also represented in the form of module or founding material as guidelines for internal managements and supervisors of LPD. The risk could be happened if the LPD management did not follow the competency standard which has been prepared before. This standard gave the guidelines and measured the competency of the participants to overcome given cases, for example in overcoming certain problem in the field. Increasing the awareness of LPD internal managements and supervisors towards the risks that might occur was expressed in the form of agreement that able to guide them in running the operational activities of LPD itself.

Gramsci emphasized the hegemony as form of agreement from the marginalized society. The founding for the internal management and supervisors of LPD was done to make the LPD able to distribute credit that would support the economy growth and spread the economy in desa adat. Through founding process, the requirements of government was accepted and run by the management of LPD. The management of LPD tried to manage the LPD and put the transparency and accountability as the priority, so that karma desa would have strong believes on it.

The government hegemony in form of training was able to build the consensus of internal management and supervisor of LPD itself. The acknowledgment of LPD internal management and supervisor toward the authority of the government could be actualized because of the existence of economical and symbolic capital which owned by the government.

The existence of PT BPD Bali as the organization that found the LPD technically was as the form of knowledge and authority of the government in managing LPD. The knowledge in building had important meaning as policies legitimating tool. All operational practices of LPD which has been done recently had been legitimated by the agreed knowledge conception. Foucauld (2009-23) stated that the knowledge always related to the authority, that relationship strengthened each other. The hegemony of the authoritarian toward the management of LPD was done in the form of training; the raining was given by special team from Badung regency, PLPDK, and PT BPD Bali. Training and supervision was done to actualize the mission of LPD (to empower the society) could run as planned. The authority of Bali province as the general trainer was forming a founding organization for LPD; it was a part of participative leadership.

### Hegemony and Contra Hegemony in LPD Management

Hegemony practice in LPD management not only be done by the government of Badung regency but also done by the government of Bali province. That form of hegemony was clearly shown in Perda Kabupaten Badung No. 19 Tahun 2001 about LPD, Perda Provinsi Bali Nomor 8 Tahun 2002 abot LPD, Perda Provinsi Bali Nomor3 Tahun 2007, Keputusan Gubernur Bali No.13 Tahun 1999 and Keputusan Gubernur Bali No. 4 Tahun 2003.

There was disharmony between the policies released by the government of Badung regency and the policies released by the government Bali province. Some of them were the licence of LPD founding, initial finance capital, the management of LPD and the matter related to profit distribution. (Observe table 1)

Table 1  
The policies differences between the government of Badung Regency and Bali Province in Managing LPD

Aspects	The policies of Bali Province (Perda LPD No 8/2002)	The policies of Badung Regency (Perda LPD No. 19/2001)
1. The license of LPD founding	<ul style="list-style-type: none"> <li>Governor's decision based on the regent's recommendation</li> </ul>	<ul style="list-style-type: none"> <li>The agreement of Badung regent</li> </ul>
2. Initial finance capital	<ul style="list-style-type: none"> <li>The initial capital was Rp 10,000,000 which came from the society, government and another source which was not tied</li> </ul>	<ul style="list-style-type: none"> <li>The nominal was not stated</li> <li>The initial capital came from the society, government and another source which was not tied</li> </ul>
3. LPD Management	<ul style="list-style-type: none"> <li>Chairman, treasurer, secretary</li> </ul>	<ul style="list-style-type: none"> <li>Chairman, secretary, treasurer and two members</li> </ul>
4. The Supervisor of LPD	<ul style="list-style-type: none"> <li>Bendesa adat as the head of internal supervision bureau, and some members which were chosen from the paruman desa adat ( for three years)</li> </ul>	<ul style="list-style-type: none"> <li>Chairman (bendesa adat), two members chosen by the karma desa (villagers)</li> </ul>
5. Profit distribution/coaching fund of LPD	<ul style="list-style-type: none"> <li>5 % coaching fund was deposited to the government of Bali province through PT BPD Bali</li> </ul>	<ul style="list-style-type: none"> <li>The coaching fund was deposited to the Badan Kerja Sama LPD (BKS-LPD) of Badung Regency</li> </ul>

Table 1 shown that some policies aspects released by the government of Badung regency and Bali province related to the existence and the management of LPD. As a dorm of hegemony (Perda LPD Bali) and contra hegemony (Perda LPD Kab Badung), there was disharmony between them. Those differences related to the five aspects ; the license of LPD, initial capital, the managements, the supervisor of LPD, and the profit distribution/ coaching fund of LPD. Based on Keputusan Gubernur Bali Tahun No 13 1999, every regency / town in Bali had responsibility to deposit the coaching fund of LPD to the bank account of Tim Pembina Lembaga Perkreditan Desa through PT BPD Bali. With the excuse of autonomy, the government of Badung regency did not deposit that fund. This disobey, was a contra hegemony , in relation to this the government of Badung regency released Peraturan Daerah Kabupaten Badung Nomor 19 Tahun 2001 about Lembaga perkreditan Desa (LPD).

Badung Regency had 122 LPDs with their asset Rp 5,266,286,50y by the end of December 2015. However, Bali province had 1,433 LPDs with the total asset Rp 14,691,501,741. This meant that LPDs in Badung had the biggest asset compare with other regencies/towns in Bali. The asset of Badung Regency was 36% from the total asset of LPD in Bali ( LPLPD Provinsi Bali, 2016).

The government of Badung did not obey the Keputusan Gubernur Bali No 13 Tahun 1999, they did not deposit that 5 % to the bank account of Tim Pembina Lembaga Perkreditan Desa Bali. Some people said that the 5% deposit from the LPD profit was not relevant anymore, thus the coaching fund of LPD has been prepared in APBD. The same things happened with the protection fund became the responsibility of the government. The profit of LPD Badung every year reached four billions, so, if every LPD should deposit 5% from the profit it meant that they had to deposit Rp 200,000,000 ( Bali Post , January 19<sup>th</sup>,2011).

The government of Badung did not obey the Keputusan Gubernur Bali No 13 Tahun 1999 was based on Undang-Undang Otonomi Daerah No. 22/1999 about the central government gave certain delegation to the region government to form region politics, and UU No. 25/1999 about Perimbangan Keuangan Pusat-Daerah, that gave the distribution of fiscal to the region government. Those two regulations contained two politics missions. Pratikno (in Kuncoro, 2004:21) explained the two missions above: First, to satisfy all regions by giving them a space to participate

in politics. This was actualized by politic decentralization from central to the regions and gave the chance to the societies to satisfy their politics and to enjoy their symbols of local democrations (the election of regent for instance). Second, to satisfy the society of the rich regions to use their wealthy.

Societies ( including the management of LPD) and the government of Badung stood still on Perda Nomor 19 Tahun 2001 about LPD. This condition, made the province government to expose the findings of Bawasda Provinsi Bali in 2005 in Badung government with number 700/Bawasda, March 31, 2005, it was recommended to Badung regeant to reviewed the result of Perda Kabupaten Badung No. 19 Tahun 2001. This based on Pasal 7 UU Nomor 10 Tahun 2004 about Pembentukan Peraturan Perundang-undangan and Pasal 136 ayat (4) UU nomor 32 Tahun 2004. Viewed its hierarchy, substances, and its operational, Perda Kabupaten could not be in disharmony with the higher regulations ( Perda Provinsi).

Perda Kabupaten Badung No. 19 Tahun 2001 needed to be changed to make it suitable with the higher policy. However, the substances of that regulation that needed to change were more than 50%. According to UU No 10/2007, that more than 50% change could not be done. The action that could be done was to withdraw that regulation. However, by the beginning of 2016, Badung government has not withdrawn it yet.

Badung as the regency that had the highest LPD asset in Bali, had received the regulation from Mendagri No. 412.2/3883/SJ, in 2009. That regulation was about Strategi Pengembangan Lembaga Keuangan Mikro to be given to the head of each regions and DPRD in the regency and province, this letter was the agreement of the minister; Menteri Keuangan, Menteri Dalam Negeri, Menteri Koprasi danUKM, and Gubernur Bank Indonesia. Menteri Dalam Negeri said that LKM was one of the units that move the economy in increasing income, enlarging the working chance and overcame the poverty to actualized social prosperity especially in rural area.

Through the decision of three ministers ( Surat Keputusan Bersama/SKB) and Bank Indonesia, so that Mendagri required he operational steps. For the LKM that the status have not yet legalized by the law, it was asked to make the policy to give such kind of low protection based on some principles such as: (1) the insurance that the societies' saving was protected, (2) to maintain the business climate that conducive for the

development of LKM continuously and able to give the service to the poor society who had low income, (3) the rule was not too stick to develop LKM and other micro business.

Mendagri asked the government (regency and province) examine the LKM which had not legalized yet and changed the LKM into Bumdes, Cooperation or BPR in 2010 and all fund was taken from the APBD. Next, socializing, examination, coaching, educating for those LKM.

There was substantial difference in Surat Mendagri, SKB of three ministers and the governor of Bank Indonesia, especially related to the target of LKM. According to the SKB of three ministers and governor of Bank Indonesia, the LKM which has not yet legalized by the low could change themselves into BPR, cooperation and bumdes. This substance gave wider chance for LKM.

The existence of those policies above was the form of hegemony of central government to the LPD owned by the Balines. Because of that, the central government policies threatened the existance of LPD, this matter has been responded by the societies and the government of Badung and Bali. The societies in Bali (the management, academician, DPRD) with the government of Badung and Bali did such kind of

contra hegemony to the policies of the central government.

### Contra Hegemony of Badung Government to the Hegemony of Central Government

Badung government reacted to the letter from Mendagri related to LKM by trying to retract Perda Kabupaten Badung No, 19 Tahun 2001, and processed a new Raperda based on the policy of Bali government. The team of Raperda has met the commission IV DPR RI. It was expected that special committee of LPD, arranged a systematic draft about LPD. This draft will become a consideration in arranging Undang-Undang Lembaga Keuangan Mikro ( Balipost, February 1<sup>st</sup>, 2011)

Besides did the meeting, the member of DPR RI, the head of special committee of LPD Kabupaten Badung, also did a visitation to the ministry of Finance. The team was accepted by the secretary of Badan Pengawas Pasar Modal (Bappenas) and Kepala Biro Pembiayaan dan Penjamin (Warta Bali, March 1<sup>st</sup>, 2011). The visitation was done to extend the aspiration of the government of Badung related to LPD. The government of Badung expected that LPD would not be trasformed into LKM since LPD as lembaga desa had characteristic and the philosophy of local genius. LPD was much different to LKM (see the table 2).

Table 2  
Hegemony and contra Hegemony in LPD Management

Hegemony of Central Government in LPD management ( Edaran Mendagri No. 412.2/3883/SJ, November 4yh, 2009	Contra Hegemony of Badung Government to the Central Government Hegemony (Perda No. 19/2001
<ul style="list-style-type: none"> <li>• LKM is an activator of societies' economy</li> <li>• Do the operational steps of LKM in each region</li> <li>• Make policies to give law protection to the LKM</li> <li>• If a LKM has no law protection, it will be transformed into BumDes, cooperations, BPR in 2010 and the fund taken from the APBD from each region</li> </ul>	<ul style="list-style-type: none"> <li>• Restrict Perda 19/2001 and changed it with a new raperda</li> <li>• Convey the aspiration to the finance authority</li> <li>• LPD as lembaga desa has its characteristics and philosophy of local genius which are different to LKM</li> <li>• The micro business under LPD need to be protected</li> </ul>
	<p>Contra Hegemony of the government of Bali to the Central Government Hegemony (Surat Gubernur No. 900/8222/PLP Ebank December 15<sup>th</sup>, 2010)</p> <ul style="list-style-type: none"> <li>• To defend the existence of LPD</li> <li>• Change LPD's namebased on local genius</li> <li>• LPD's task based on perda 3/2003</li> <li>• LPD must be tax free</li> </ul>

The secretary of Bappenas responded positively to the team's proposal. The micro business under LPD need to be protected and should not be affected by positive law. To DPR RI, Bappenas would give suggestion to keep the LPD based on its local genius and could be developed.

The development of LPD in Badung was based on the autonomy which gave the space to the government to arrange their own rule regarding LPD. Resistance or contra hegemony of Balinese and the government showed the dynamic of LPD was the form of authority struggle. Symbolic violence as conveyed by Bourdieu was shown by Kabupaten Badung toward Perda Provinsi Bali and it was continued to the Mendagri through a letter. Furthermore, the central government also did symbolic violence by releasing SKB of three ministers and governor of Bank Indonesia in managing LKM in Indonesia.

The government of Bali changed Perda No 8 Tahun 2012 to Perda No. 4 Tahun 2012. The main change in these new policies was the effort to found the LPD done by the government (Pasal 20 ayat 1). Based on this policy, Badung government became stronger because it was able to manage the fund of their LPD founding based on pasal 20(ayat1) Perda No. 4 Tahun 2012.

### **Contra Hegemony of Bali Government to the Hegemony of Central Government**

The SKB of three ministers and governor of Bali related to LKM got serious attention from the government of Bali. PT BPD Bali did a socialization regarding to the letter to the management of LPD. The societies, academician, the observer and management of LPD and the authoritarian in Bali government wanted the existence of LPD to last; it would be done through changing the name of LPD based on local culture in Bali, and considering the operational mechanism of LPD based on local culture. The name of LPD changed into *lembaga perekonomian desa pakraman*, or , *lembaga perekonomian desa pakraman*, or *badan usaha desa pakraman* (Balipost, December 14<sup>th</sup>, 2010)

LPD was expected to be tax free. Related to this, the observer of LPD gave consideration if LPD included into the design of UU LKM, so the product of saving and deposit could be charged by tax (Tokoh, January 23rd, 2011).The consequence was, the fund of saving and depositing was increasing. If LPD followed the policies of LKM, the surplus of LPD was tax free and

able to give higher interest and it threatened other banks in general.

LPD was expected to be remained become valuable asset for Balinese. Based on Perda Provinsi Bali No. 3 Tahun 2003, the duties of LPD are : (1) protecting the tradition; (2) give suggestion, recommendation, and opinion related to adat matters ; (3) do the results of paruman based on the regulation ;(4) helping the socialization of awig-awig: and (5) doing a wholistic adat-istiadat socialization. Based on the task of MUDP, the name of Lembaga Perkreditan Desa became labdappacrikreman desa, because LPD had local genius and its existence should be maintained. The law protection for LPD was still needed although there was name changing, however, the spirit of LPD was still based on economy, social, culture, and spiritual (Tokoh, January 23rd, 2011).

The discourses related to the LPD changing was remained become a discussion and there was no decision about it. The governor of Bali, Made Mangku Pastika, responded the letter from mendagri in 2009 with the letter No. 900/8222/PLP EkBank in December 15<sup>th</sup>, 2010 about the development strategy of Lembaga Keuangan Mikro.

The governor of Bali emphasized that there were 1,379 LPD in Bali has been based on the regulation of the region autonomy No.32 Tahun 2004. The province, regency, and town had the authority to regulate and take care of the societies' need based on their aspiration.

The existence of LPD unlike the other finance organization, since the LPD in Bali is based on the local genius and was regulated through Peraturan Daerah Provinsi Bali No.3 Tahun 2007. The governor of Bali then suggested some matters;(1) there is no need for LPD in Bali to get law protection from national regulation inform of UU LKM and/or any relevant regulation (2) however, the LKM which has not based on the regulation yet, so the traditional characteristics and the matters related to the tradition like in Bali, the license of founding, founding, and supervision to be allowed done by the government of Bali. (3) Basically, the operational procedure of LPD in Bali (the authority) was given to the government of Bali since it was based on the condition of Balinese.

The opposition of the government of Bali against the central government viewed by Gramsci was not only economical matter and a short time politic but also the effort to defend the hegemony with strong effort. The

built hegemony (historical block) had to be appropriate and reexamined (Simon,2004:47). This could be seen from the authority that would be given to the central government for the operational procedure of LPD.

Many discourses in LPD discourses showed the relationship of the hegemony in every aspects of life. Authority was not only in country or classes, for Foucault, (in Fakhri, 2009:193), if the authority generally only pointed to the country or elite, in fact, the authority contained in every aspect of life. This can be seen from the discourse that produced the knowledge in defending LPD.

Responding the letter from governor of Bali, Mendagri replied the letter to the governor and the head of DPRD of Bali province. Surat Menteri Dalam Negeri No. 900/2052/SJ tanggal 1 Juni 2010 about Penguatan Kelembagaan Keuangan Mikro Bukan Bank dan Koperasi seemed to press the province and regions to do data collection LKM B3Kin its regions and increase its status. The recommendation of Bali government to mendagri was not responded. However, the central government target to develop LKM has not responded yet. There was no status changing for LPD as it was required by the central government.

The government of Bali through Asisten II Provinsi Bali continuously does self reflection by strengthening the LPD. LPD was continuously discussed in some meetings which involved stakeholders, including MUDP and Komisi II DPRD Bali. The main things that were discussed are: (1) the position of LPD, (2) the change of Perda No.3 Tahun 2003 about desa pakraman and Perda No 3 Tahun 2007 about LPD; (3) the arrangement of profit distribution and (4) the rule of Majelis Desa Pakraman.

The interest of the government and stake holders related to the effort to save LPD was a strategic step. (1) internally, they guide the responds, discourses which spreaded around LPD which involved religion organizations, such as Parisadha Hindu Dharma (PHDI), adat organization; Majelis Desa Pakraman, academicians, LPD managements, LPD observers and other societies. (2) Externally, the government did communicative actions to the central government and also DPR RI as the founders of RUU LKM Mikro.

In responding the central government, the government of Badung was not in the same line with the government of Bali province. Each of them had their own intention. The existence of authority in autonomy

regions like Badung became the knowledge about the freedom in region arrangements. Badung regency tried to manage LPD in their region based on the autonomy itself and tried to communicate to the central government through ministry of finance. On the other hand, the province government tried to save LPD which possessed by desa adat by communicating with mendagri. Communication is language changing which run as a relationship between symbolic authority that is actualized with the power of the speaker and hearer in certain community (Bourdieu in Haryatmo, 2010:9). Communication also involve the knowledge and authority (Haryatmo, 2010 :36), the special team of Raperda of Badung regency opened new the possibilities so that it would produce new knowledge to do opposition to Perda Provinsi Bali. Foucault (in Haryatmoko,2010:11) stated that new knowledge will be better to be used for goodness and glorious values.

The activities done by the Balinese, the head of regions and others related to the existence of LPD in hegemony theory of Gramsci was the need of the politician and changing figures to communicate with the society in certain country as the interest to the societies' problems. The activities of Badung and Bali government responded the policies of central government were the form of contra hegemony.

The discourses about LPD were a part of knowledge discourse about traditional finance organization of Balinese. In the line of Foucault concept (in Haryatmoko,2010), the development of "wacana pengetahuan tentang LPD" from many aspects recently produced knowledge and thoughts to control behavior. Among those thoughts, the thought of the importance of law protection for LPD was by maintaining the local genius of Balinese. The other discourse and the thought was the knowledge to make the LPD tax free so that the profit of LPD can be compete with other general bank. The profit of LPD can be beneficial to the desa adat.

The steps done by Badung and Bali government, if it was investigated with the hegemony theory of Gramsci, it was the leadership of people from any class in certain country. Country is the appliance which control the law and administration, and nation as the identities formed in civil society. In other side, LPD as the economic activities affects the nation and civil societies. The hegemony theory of Gramsci stated three different components yet related each other in social formation; nation, civil society, and economy. Nation in this context included all elements



of society did authoritarian hegemony to the other elements of society so that the policies released by the government were based on the intentions of all societies.

The discourses related to the hegemony and contra hegemony were parts of local genius of traditional finance organization in Bali. Hegemony of Bali government and contra hegemony of Badung government in LPD management got a meeting point (reconciliation) related to the mediation done by mendagri. They agreed that LPD is owned by desa adat in Bali and has to be protected to support the development of village society.

The discourses of LPD in Badung in 2009-2012 have become a consideration for the central government to mature the design of UU LKM which had released in 2013 (UU No 1/2013 tentang LKM). The existence of LPD in Bali was based on UU RI No.1 2013 about LKM. The existence of LPD in Bali and Lumbuh Pith Nagari in west Sumatra was acknowledge and was not bend down on UU LKM (pasal 39,ayat 3 UU LKM No 1/ 2013). Based on autonomy, LPD was allowed to be founded by desa adat to empower the societies.

The harmony of regulation for LPD legality needed to be actualized based on law to make the existence of this traditional finance organization stronger. Micro business which is under LPD need to be protected. It is expected that LPD able to bring the prosperity to all elements of society in Bali.

### III. Conclusion

In the dynamic of LPD management in Badung regency, there was practice of hegemony and contra hegemony. The authority hegemony in LPD management was done by the government of Badung regency, the government of Bali province and the central government. The hegemony of government in the dynamic management of LPD was done through regulation, the operational procedure of LPD and the increase of leadership knowledge and intellectuality and capacity of LPD managers. There was contra hegemony of Badung government to Bali government, the government of Bali to the central government. Discourses related to the hegemony and contra hegemony was the part of dynamic management of LPD as a traditional finance organization in Bali which is able to empower the societies of desa adat in Bali.

The regulation of harmony for LPD legality needed to be actualize so that the existence of this traditional finance organization becomes stronger under the protection of law. As the local genius, this traditional finance organization of Balinese, LPD is expected to be able to support the economy development and increase the prosperity of krama desa adat in Bali.

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