

Tri Hita Karana Philosophy in Ethical Leadership of Village Credit Institutions

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ABSTRACT

Bali has several institutions based on cultural values, traditions and customs. Tri Hita Karana is a basic concept used by indigenous people in Bali as a guide in living life. The concept of Tri Hita Karana is also a foundation in organizations, one of which is the Village Credit Institution (LPD) in Bali. The Village Credit Institution is an institution formed by the village that functions to manage village finances with the aim of improving welfare. The success of LPD cannot be separated from the ethical role of the leaders. This article aims to provide an understanding of the philosophy of Tri Hita Karana in ethical leadership from the perspective of the philosophy of science ontology, epistemology, and axiology.

Keywords: Tri Hita Karana, Ethical Leadership, Philosophy of Science, LPD

INTRODUCTION

Lembaga Perkreditan Desa (LPD) is a microfinance institution within the order of *Desa Adat* in Bali. LPD was formed inseparable from the cultural values, customs and traditions that prevail in Balinese society. The role of LPD is to collect funds in the form of savings and deposits from villagers who have excess funds and then channel them back to villagers who need funds in the form of credit (Dana et al., 2020). (Dana et al., 2020). The Tri Hita Karana (THK) philosophy is well known in people's lives as a Hindu tradition in Bali. Tri Hita Karana comes from Sanskrit which is formed from three words, namely Tri means three, Hita means happiness or welfare, and Karana means cause or cause. So, Tri Hita Karana is interpreted as three causes of welfare based on the harmonious relationship between humans and God (*parahyangan*), humans and nature (*palemahan*), and between fellow humans (*pawongan*) (Budiasih, 2017).

Village Credit Institutions (LPDs) play an important role in indigenous village communities as drivers of economic growth. LPD business activities are carried out in the village environment, success depends on the role of the LPD leader. The importance of LPD makes the behavior of the LPD Head in the spotlight because the decision-making of all activities is related to the role of the leader. One of the phenomena of corruption cases involving the head and administration of LPD *Desa Adat Serangan* resulted in financial losses worth Rp.3,749,118,000 (detik.com, June 6, 2022).

Social problems always challenge humans to reformulate what is happening and what should happen. A leader should be able to come up with ideas about how society should be and maintain public trust with philosophical arguments (Junaedi et al., 2023; Renaldo et al., 2023). Arguments form theories and competing theories persuade each other (Widarda, 2019). (Widarda, 2019). According to (Sunny, 2018) by applying Tri Hita Karana a leader will be accountable for his performance and can create a harmonious and balanced relationship. Therefore, ethical leaders supported by the application of the Tri Hita Karana cultural philosophy will always encourage the growth of LPD performance.

Based on these problems, it is necessary to conduct research on ethical leadership based on the philosophy of Tri Hita Karana for LPDs in Bali. This research is important to do considering that in the development of LPDs continue to face competition with other financial institutions, it is hoped that ethical leaders will be able to maintain the continuity of LPDs by applying Tri Hita Karana values.

LITERATURE REVIEW

Theory of Religiosity

Religiousness is defined as an integrated system of beliefs, lifestyles, ritual activities and institutions that give meaning to human life and direct people to sacred values (Pamungkas, 2014). Religion is believed to control a person's behavior, therefore a religious person will be able to control his behavior to always be ethical. Likewise, a leader, in this case the head of the LPD, is obliged to provide accountability to the village pekraman (village community). Strong religious beliefs are expected to minimize all forms of fraud that occur in LPDs.

Tri Hita Karana

Tri Hita Karana means that the three causes of human welfare in order to achieve the goal of life originating from the harmony of human relations with God (parahyangan), the harmony of human relations with their neighbors (pawongan) and the harmony of humans with the natural environment (palemahan) (Saputra et al., 2018). Tri Hita Karana asserts that individuals of the Hindu faith often perceive themselves and their surroundings as an interconnected system guided by the principle of equilibrium. This is reflected in their conduct, characterized by:

1. A continual inclination to adjust to both personal and environmental dynamics, portraying the resilience of the Balinese people in upholding established patterns while remaining readily adaptable.
2. A consistent desire to cultivate inner harmony and establish equilibrium with the surrounding environment.

Universally, nature (Sudarno et al., 2022) is also seen as a system that involves God as the soul, humans as the actors, and the environment as the container. The teaching of Tri Hita Karana suggests that humans should always balance themselves with God, others and the environment.

Ethical Leadership

Ethical leadership involves exemplifying behavior that aligns with established norms through one's personal actions and interactions. Additionally, it entails advocating for such conduct among followers by engaging in open communication, providing reinforcement, and making decisions collaboratively (Brown & Treviño, 2006). One of the duties of the LPD head is to sign every bookkeeping and transaction made by the administration and cashier in accordance with applicable regulations. In this case, ethical leaders will act in accordance with LPD standard operating procedures.

METHODOLOGY

This research uses qualitative methods, the purpose of qualitative research emphasizes the process of understanding, explaining, and describing the findings obtained from the research site (Saputra et al., 2018). The data collection methods used to answer the problems in this study consist of interviews, observations and documentation. This is done because one of the spaces of the qualitative approach is the interpretation of a phenomenon using human thoughts, feelings, perceptions to get a meaning that is useful for the development of life. A qualitative research approach to the Tri Hita Karana teachings will produce harmonious and philosophically balanced teachings.

Qualitative research stages:

1. Field observations in the form of interviews, as well as discussions with the Head of the Village Credit Institution regarding leadership and the Hita Karana trilogy.
2. After the data is compiled, it is then analyzed using an induction-conceptualization approach, which starts from facts/information to build conclusions.

Based on the description of these stages, it is hoped that this research can realize ethical leadership in LPD based on the Tri Hita Karana concept.

RESULTS AND DISCUSSION

Village Credit Institution Profile

LPD was established based on the Decree of the Governor of Bali Level 1 Number 972 dated November 1, 1984 as an implementation of the policy chosen by the Bali Regional Government. Based on the Decree of the Governor of Bali Number 44 of 2017 concerning the Implementation Guidelines of the Regional Regulation of Bali Province Number 3 of 2017 concerning Village Credit Institutions, the distribution of profits

is determined as follows: 60% Capital Reserve, 20% Village Development Fund, 10% Production Services, 5% Empowerment Fund, and 5% Social Fund. The real benefits of the existence of LPDs can be seen from the contribution of 20% of net profits each year to village development funds, as well as 5% to social funds to support village development in Bali, so as to ease the burden on the community in terms of village development and social fund contributions.

Ethical Leadership based on Tri Hita Karana

The concept of Tri Hita Karana in Bali is very important because this concept teaches humans to always remember that in carrying out activities in this world, they must always maintain an attitude for the realization of a harmonious and balanced atmosphere. Thus, through the concept of Tri Hita Karana, it is believed to be able to become a foundation in carrying out all work activities carried out at LPD, moreover this concept can be used as a value in ethical leadership in the organization.

Based on the interviews, it is concluded that the interviewees understand the values of the Tri Hita Karana philosophy and its influence on ethical leadership. Fraud cases that occur in LPDs are mostly caused by mistakes from the role of leaders. The behavior in question such as non-compliance with LPD standard operating procedures and weak supervision from the Supervisory Board. Humans, who are the source of philosophy both in reason and a healthy heart, then with great effort seek the truth until they get the truth. In the process of seeking this truth, it starts from the stage where humans speculate with their thoughts (know) until it becomes the result of thought and then finally becomes a science (Hadat, 2020).

Each knowledge has three components that become the object of study of the philosophy of science, which is the pillar that supports the body of knowledge that is compiled. These components include ontology, epistemology and axiology. The philosophy of Tri Hita Karana emerges from profound contemplation rooted in the principles of Hinduism in Bali. Viewed through the lens of scientific philosophy, Tri Hita Karana stands as a crucial set of values, offering solutions to issues inherently governed by laws and impacting the lives of the people in Bali (Hadat, 2020).

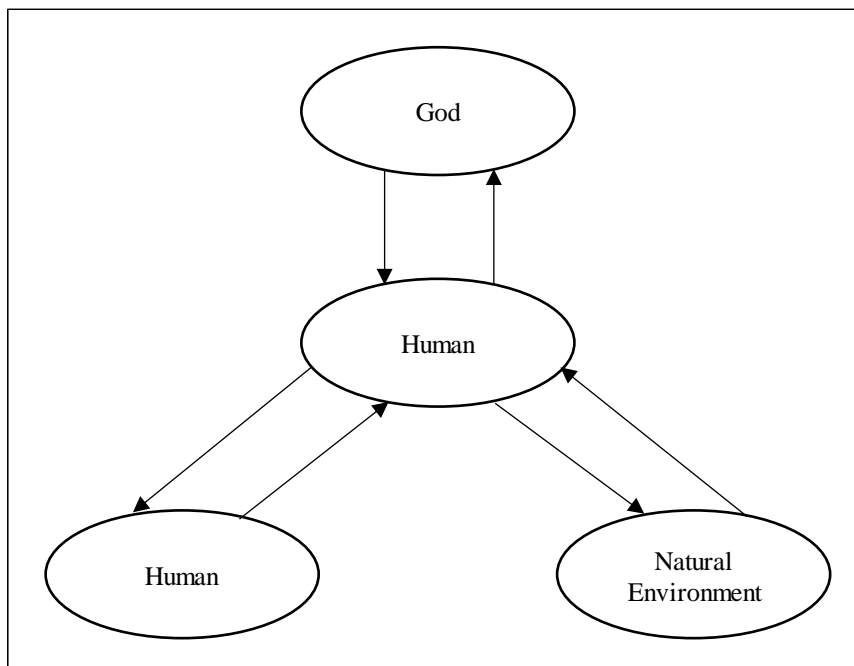


Figure 1. Tri Hita Karana Cultural Approach

Source: Suja, 2010

The Tri Hita Karana Cultural Approach serves as a robust life philosophy, delineating three fundamental human connections in the world. It encompasses the harmonious relationships between humans and God, humans and their fellow beings, and the interconnection between humans and nature. These three elements must be balanced, in line to achieve a good life and avoid all bad actions.

Tri Hita Karana in terms of Ontology

Ontology deals with the nature of the reality or object to be investigated (Khomsiyah & Indriantoro, 2000). Ontology studies about everything that exists, which then in this ontology there are two important parts, namely metaphysics in general and metaphysics in particular which are discussed below:

1. Discussing the problem of the nature that exists in general, including what existence or existence is (general).
2. It specifically discusses the nature of three important parts, namely theology (God), anthropology (humans), and cosmology (the universe).

In the aspect of ontology related to the philosophy of Tri Hita Karana, the important question to be answered is whether ethical leadership improves the implementation of Tri Hita Karana in LPDs?

A leader is an individual who guides a group of two or more people, whether within an organization or a family setting. Leadership is the skill set that empowers a leader to manage, guide, and influence the thoughts, feelings, or behavior of others with the aim of attaining pre-established objectives (Hutahaean, 2021). Ethical leadership is a leadership style with an emphasis on conformity to recognized norms and values. Ethical leadership will encourage LPDs to continue to grow into healthy LPDs. The key to LPD success lies in the role of a leader. Ethical leadership, anchored in the prioritization of the Tri Hita Karana concept, plays a crucial role in cultivating positive connections and sustaining harmonious relationships. This involves fostering a balance between humans and God, nurturing a respectful relationship with the natural environment, and promoting goodwill and understanding among fellow humans.

Tri Hita Karana from the Aspect of Epistemology

Epistemology is a part of philosophy that talks about the occurrence of knowledge, the source of knowledge, the origin of knowledge, the limits and methods, and the validity of knowledge. The conception of Tri Hita Karana is that God Almighty as the Supreme Creator has created humans and nature that contains all the potential for human life. In order to preserve their lives, humans carry out work and function their minds to cultivate nature with a full sense of responsibility (Yhani & Supastri, 2020). Ethical leaders in carrying out their obligations as mandate bearers from the community to lead the LPD will use their minds in every decision making. Therefore, leaders must have knowledge through scientific procedures. The scientific method is the foundation used in epistemology (Rokhmah, 2021).

Tri Hita Karana in Axiological Aspects

Axiology is a branch of philosophy of science that studies value in general. After obtaining knowledge, what benefits can be used from that knowledge. This is what then brings thought to the concept of axiology, namely, philosophy that discusses the problem of the usefulness of the value of knowledge (Abadi, 2016). Axiology is a theory of three aspects of values, namely moral (ethics), beauty (aesthetics) and social politics, where the part of axiology that discusses human judgment from the point of view of good or bad is studied in ethics, while the part of axiology that discusses human judgment from the point of view of beautiful or not beautiful is discussed in aesthetics (Hadat, 2020). Ethical leadership is leadership that has a critical, rational nature towards the prevailing norms. LPD in carrying out its activities is regulated through Regional Regulation of Bali Province Number 3 of 2017 concerning Village Credit Institutions. LPD provides economic, social and cultural benefits to the village krama (village community) and needs to be improved governance as a village-owned financial institution. So, the role of an ethical leader is the key to the success of LPD.

Ethics is needed as an introduction to critical thinking that can distinguish what is good and not good. The number of LPDs experiencing bankruptcy cases is evidence that the ethical crisis is still happening. The implementation of the Tri Hita Karana philosophy plays a role in teaching a leader to carry out his duties and obligations so as to create harmonious relationships and prevent fraud in Village Credit Institutions.

CONCLUSION

Conclusion

Knowledge is an important part of human social life. The more knowledgeable an LPD leader is, the more prosperous the community will be. LPD leadership cannot be separated from the Balinese philosophy of life known as Tri Hita Karana. The word "Tri, Hita and Karana" means Tri is three, Hita is happy, and Karana is the cause. So, Tri Hita Karana is the three causes of happiness. LPD is an institution that has an important role as a driver of the rural economy, so the role of ethical leaders is the spearhead of success for the welfare of Pakraman Village (village community). LPDs that have ethical leaders will avoid all things that will cause losses, so that LPDs will be able to continue to grow.

Limitation

This research has limitations during the data collection process due to the business of informants and limited time availability.

Recommendation

Future research can increase the number of informants and extend the research time. In addition, future researchers can add other philosophies that can support LPDs to continue implementing Tri Hita Karana.

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