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THE EFFECT OF GOOD CORPORATE GOVERNANCE PRINCIPLES AND TRI HITA KARANA CULTURE ON FINANCIAL PERFORMANCE

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ABSTRACT: The purpose of this study is to obtain empirical evidence of the influence of the principles of Good Corporate Governance and Tri Hita Karana culture on the financial performance of the Village Credit Institution (LPD) in Badung Regency. The population used in this study were all Village Credit Institutions in Badung Regency. Determination of the sample using purposive sampling technique, namely the sampling technique is not random or with certain criteria, based on the sample selection criteria used, the LPD that meets the criteria is as many as 20 LPD. The data analysis technique used in this research is multiple linear regression analysis techniques. Based on the research results, it proves that the principles of Good Corporate Governance and the Tri Hita Karana culture have a positive effect on the financial performance of the 20 largest LPDs in Badung Regency. This shows that the increasing application of the principles of Good Corporate Governance and the Tri Hita Karana culture, the more financial performance will be.
Keywords: *principles of good corporate governance, Tri Hita Karana culture, financial performance*

I. INTRODUCTION

Good Corporate Governance is one of the key factors that determine the health of the system and the ability of each organization to withstand economic shocks. Organizational health depends on how individuals are in it and the relationships between each individual that exist. Thus, good GCG will contribute to sustainable economic development by improving organizational performance (Sarbah and Xiao, 2015). Although LPD can be said to be a business that has coverage in only one customary village, it must be remembered that good governance can provide more benefits for a business organization. Every company (LPD) is required to make improvements and evaluate its performance on an ongoing basis so that the continuity of the LPD is well maintained. Therefore, the principles of GCG must be applied by the LPD to reduce conflicts of interest between the LPD manager as an agent and the owner, namely village court and between the LPD manager and the creditor, namely the Bali Regional Development Bank as well as maintaining good relations and ensuring the fulfillment of the rights of the parties concerned. with the functions and objectives of the LPD itself (Meitradi and Asri, 2016).

Based on the National Policy Committee (2006), there are 5 GCG components, namely transparency, accountability, independence and fairness. The purpose of each GCG component is (1) transparency in relation to the company's attitude in maintaining its business objectivity, (2) accountability is the company's attitude in being accountable for its performance, (3) responsibility is a company imperative to comply with laws and regulations, (4)) independence is the attitude of the company that has no relationship with any party, (5) fairness means that the company must pay attention to the interests of the parties related to the company.

Research on GCG is important to study, especially in financial institutions such as the LPD because the impact caused by not implementing good corporate governance is very broad, not only for the LPD itself, but also for customers and economic development, especially in Bali. The implementation of GCG components is a must. Therefore, the demand for implementing good corporate governance in financial institutions such as the LPD is expected to help LPD in a better direction (Setyawan and Putri, 2013). Several studies have been conducted to determine the effect of GCG on financial performance. Rahmatika et al. (2015) stated that measures of transparency, accountability, responsibility, independence and fairness have a positive effect on financial performance. In line with that, Dewi and Putri (2014) found that the principles of GCG have a positive effect on the financial performance of LPDs in Gianyar Regency. In a study conducted by Sari (2010), Setyawan (2013), Varshney et al. (2012), Pillal and Al-Malkawi (2017) on the effect of GCG on financial performance show that GCG has a positive influence on financial performance. In connection with the research results of Al-Ahdal et al. (2020) state that good corporate governance has a significant effect on financial performance. The results of this study contradict previous research conducted by Purwani (2010) which states that GCG has no direct effect on company performance. Saini and Singhania (2018) state that good corporate governance does not have a significant effect on financial performance. In connection with the research conducted by Akbar et al. (2016) which states that corporate governance has no significant effect on financial performance.

LPD is basically an organization that has the view that its performance is influenced by good values that come from self-strength, work environment, and relationships between employees (Adiputra, 2014). Therefore, it is necessary to consider the existence of a local culture that can be used as a guide for everyone and organizations who understand it. A Balinese cultural philosophy, namely Tri Hita Karana (THK), which emphasizes the theory of balance, states that the Hindu community tends to see themselves and their environment as a system that is controlled by balance values, and is manifested in the form of behavior (Gunawan, 2009).

Tri Hita Karana has the concept that a harmonious relationship is important in carrying out an activity or organization. The belief in this harmony has become the guidance of the Hindu community in Bali to behave that gives birth to various concrete actions, namely (a) harmonious relations between humans and Ida Sang Hyang WidhiWasa (God Almighty) known as Parahyangan, (b) harmony of relations with fellow human beings known as Pawongan, and (c) harmony of human relations with the natural environment known as Palemahan. The essence and essence of THK's teachings is good cooperation and harmony of all components associated with an activity or organization. In addition, it is also supported by the program of the Bali Provincial Government which holds the Tri Hita Karana Awards which further fosters the implementation of THK teachings in everyday life, especially in work (Mustikayani and Dwirandra, 2016).

Several studies have been conducted to find out how the influence of culture on organizational financial performance. Surya et al. (2014) found that the THK adopted as an organizational culture has a positive and significant effect on company performance. In line with that, Sastra and Erawati(2017) found that THK culture has a partially significant positive effect on LPD financial performance.

II. LITERATURE REVIEW AND HYPOTHESIS DEVELOPMENT

Transparency, namely openness in carrying out the decision-making process and disclosing relevant material information about the company (Muh, 2009: 4). The importance of applying the principle of transparency as a guide for business actors in carrying out their business activities. The implementation of GCG is increasingly being demanded by every company so that many companies are getting bigger after implementing GCG principles, namely transparency to maintain objectivity in carrying out their operational activities, companies must provide material and relevant information in a way that is easily accessible and understood by stakeholders.

Rahmatika (2015) conducted a study aimed at examining the effect of implementing the principles of good corporate governance on financial performance as measured using ROA (Study at PT Angkasa Pura II). The test results show that the measure of transparency, which is one of the five GCG principles, has a significant positive effect on financial performance. This means, if the application of the principle of transparency increases, the financial performance of PT Angkasa Pura II will increase. This research is also supported by research by Frediawan (2008); Ristifani (2009); Hindistari (2016) which states that the application of GCG principles consisting of transparency, accountability, responsibility, independence and fairness has a positive effect on performance. The same thing was conveyed by Yaghoobnezhad et al. (2012) which states that the level of corporate governance is a significant determinant of the quality of company earnings.

H1: Transparency has a positive effect on the financial performance of Village Credit Institutions (LPD).

Muh (2009: 5) states accountability, namely clarity of functions, implementation, and accountability of company management so that company management is carried out effectively and economically. This means that the application of the principle of accountability in company management will prevent acts of abuse of authority within the company. Effective and economical company management will have an impact on improving performance. The importance of the role of accountability in managing a company has attracted the attention of researchers to conduct research related to this matter.

Jayanti (2016) conducted research with the aim of examining the effect of good corporate governance (GCG) on the performance of employees of PT Pos Indonesia (Persero) Tuban, East Java. This study shows that GCG with one of its proxies, namely accountability, has a significant and positive effect on employee performance, which means that if the principle of accountability is carried out properly, the employee's performance will be higher. This research is also supported by research by Frediawan (2008); Ristifani (2009); Rahmatika (2015); Hindistari (2016) which states that the application of GCG principles consisting of transparency, accountability, responsibility, independence and fairness has a positive effect on performance. Research conducted by Mohd et.al (2008) also states that GCG has a positive relationship to performance.

H2: Accountability has a positive effect on the financial performance of the Village Credit Institution (LPD).

Responsibility, namely the suitability of company management with applicable laws and regulations and the principles of a healthy corporation (Muh, 2009: 5). By fulfilling responsibilities to the community and the environment and referring to laws and regulations and the principles of a healthy corporation as a guideline for managing the company, it is hoped that it can improve the company's image and performance which will have an impact on the company's long-term sustainability. The importance of implementing responsibility in company management is evidenced by several studies related to this.

Hindistari (2016) conducted a study aimed at examining the effect of applying the principles of good corporate governance on the performance of the Rural Bank (BPR) Gianyar Regency. The test results show that the measure of responsibility, which is one of the five principles of GCG, has a positive effect on the performance of BPR in Gianyar Regency. Thus, the implementation of responsibility through company compliance with regulations is one of the things that must always be done in order to improve the company's image and in the future will improve performance. This research is also supported by research by Frediawan (2008); Ristifani (2009); Rahmatika (2015) which states that the application of GCG principles consisting of transparency, accountability, responsibility, independence and fairness has a positive effect on performance. According to Sami et al. (2011) in Needles et al. (2012) also stated that corporate governance has a positive relationship with performance.

H3: Responsibility has a positive effect on the financial performance of Village Credit Institutions (LPD).

Independence, which is a condition in which the company is managed professionally without conflict of interest and influence or pressure from any party that is not in accordance with applicable laws and regulations and sound corporate principles (Muh, 2009: 5). Objective management of the company and free from conflicts of interest that can harm the company is very important to be considered in an effort to improve company performance. This statement is proven by the existence of previous research related to this matter.

Rahmatika (2015) in his research shows that there is a positive influence from the application of independence (independence) to the company's financial performance as indicated by a positive coefficient of 0.217. This means, if the application of the principle of independence increases, the financial performance of PT Angkasa Pura II will increase. This research is also supported by research by Frediawan (2008); Ristifani (2009); Hindistari (2016) which states that the application of GCG principles consisting of transparency, accountability, responsibility, independence and fairness has a positive effect on performance. The results of this study are similar to the results of research conducted by Soti and Gupta (2013) which state that corporate governance has a positive relationship to performance.

H4: Independence has a positive effect on the financial performance of Village Credit Institutions (LPD).

Fairness refers to justice and equality in fulfilling the rights of stakeholders that arise as a result of agreements and applicable laws and regulations (Muh, 2009: 5). In this case, guided by the principle of fairness, the company is required to pay attention to and protect the parties with an interest in the company from fraud and abuse of authority by insiders. The decision-making process based on the principle of fairness will produce fair decisions for all parties with an interest in the company, so as to create a conducive climate within the company which leads to better company performance.

Jayanti (2016) in her research entitled the influence of good corporate governance (GCG) shows that fairness, which is one of the five principles of GCG, has a positive effect on employee performance. If the application of the principle of fairness in the company increases, the employee performance of PT Pos Indonesia (Persero) Tuban will increase. This research is also supported by research by Frediawan (2008); Ristifani (2009); Rahmatika (2015); Hindistari (2016) which states that the application of GCG principles consisting of transparency, accountability, responsibility, independence and fairness has a positive effect on performance.

H5: Fairness has a positive effect on the financial performance of Village Credit Institutions (LPD).

The performance of an organization is inseparable from the existence and role of the organizational culture itself. Good organizational culture management is highly recommended in order to create a conducive work environment, both between employees and the company and vice versa. If this organizational culture is well managed, a strong culture will be created that will allow for increased organizational performance. One of the cultural concepts that can be adopted in an organization in Bali is Tri Hita Karana. THK is a local cultural philosophy adhered to by the Balinese regarding the harmonious relationship between humans and God (parahyangan), between humans and each other (pawongan), and between humans and their natural surroundings (palemahan). The importance of adopting THK's philosophy as an organizational culture has been proven by the existence of empirical research related to this matter.

Gunawan (2009) conducted research on the influence of organizational culture, job satisfaction and work motivation on leadership style and organizational performance at the Village Credit Institution (LPD) in

Bali. Research using structural equation model (SEM) data analysis techniques found that the Balinese THK culture philosophy adopted as organizational culture in this study has a positive and significant effect on organizational performance. The results of these studies are supported by Saputra (2012); Adiputra (2014); Surya (2014); Literature and Erawati (2017); Putri et al (2017) found that the THK adopted as an organizational culture has a positive and significant effect on performance. The results of this study are also supported by research (Astini and Yadnyana, 2019) which found that the Tri Hita Karana culture is positively related to financial performance. Based on the results of several studies, the hypothesis formulation that can be proposed is as follows.

H6: The Tri Hita Karana culture has a positive effect on the financial performance of the Village Credit Institution (LPD).

III. METHODS

This research is located in LPDs throughout Badung Regency by looking for financial reports for 2016-2019 and giving questionnaires to LPDs that are used as research samples. Badung Regency was chosen because in 2018 the LPD in Badung Regency had the first largest operating income in Bali. The development of LPD assets in Badung Regency is also getting faster every period so that it triggers competition with other financial institutions, for this reason it is necessary to research Good Corporate Governance and Tri Hita Karana Culture on LPD Financial Performance to determine its effects.

The population in this study were all LPDs in Badung Regency. 122 LPDs were recorded spread across 4 (four) districts. For Abiansemsl District there are 34 LPDs, Mengwi has 38 LPDs, Central and South Kuta have 23 LPDs, and Petang has 27 LPDs. The sample in this study was the top 20 LPDs in Badung Regency based on asset values.

The purposive sampling method was used in determining the sample in this study with defined criteria, namely Village Credit Institutions which publish monthly financial reports and Village Credit Institutions which are included in the top 20 category in Badung Regency based on asset values above 100 billion. Respondents selected in this study are people who know the authority and duties of LPD management and the functions of the supervisory body and assess the role of good corporate governance for four years on GCG financial performance in 2016-2019. The head of the LPD is used as a respondent because he has a role in operations and knows all operational activities in the LPD and also has responsibility for the LPD's performance. The LPD Supervisory Body was chosen as the respondent because it has a role in supervising LPD operational activities and has responsibility for reports on the results of village publications.

The analysis technique used in this research is multiple linear regression analysis which aims to calculate the influence of the independent variable Transparency (X1), Accountability (X2), Responsibility (X3), Independence (X4), Fairness (X5) and Tri Hita Karana Culture (X6) on the dependent variable LPD Financial Performance (Y). The regression equation used is:

$$Y = \alpha + \beta 1X1 + \beta 2X2 + \beta 3X3 + \beta 4X4 + \beta 5X5 + \beta 6X6 + \varepsilon$$

Information:
Y = LPD Financial Performance
A = Constant
β 1, β 2 β 3, β 4 β 5, β 6 = Regression coefficient
X1 = Transparency
X2 = Accountability
X3 = Responsibility
X4 = Independence
X5 = fairness
X6 = Tri Hita Karana Culture
ε = error term

IV. RESULTS AND DISCUSSION

Multiple Liner Regression Analysis

The data analysis tool used is statistical infrastructure which aims to test the hypothesis using Multiple Linear Regression through the SPSS computer program. The results of multiple linear regression testing are shown in Table 1.

Table 1. Multiple Liner Regression Analysis

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	T	Sig.
1	(Constant)	-6,166	1,810		-3,407	0,002

	Transparency	0,830	0,317	0,172	2,621	0,013
	Accountability	0,647	0,305	0,131	2,121	0,042
	Responsibility	0,914	0,307	0,200	2,974	0,005
	Independence	0,969	0,309	0,210	3,139	0,042
	Fairness	0,727	0,334	0,130	2,176	0,037
	Tri Hita Karana	0,305	0,101	0,196	3,037	0,005

Primary Data, 2020

From the results of the multiple linear regression analysis in Table 1, the following equation can be made:

$$Y = -6.166 + 0.830X1 + 0.647X2 + 0.914X3 + 0.969X4 + 0.727X5 + 0.305X6$$

1) The constant value is -6,166. The negative coefficient value shows that if the values of transparency, accountability, responsibility, independence, fairness are constant, then the financial performance variables of the 20 largest LPDs in Badung Regency will decline.
2) The regression coefficient value of the transparency variable is 0.830. The positive coefficient value indicates that the better the implementation of transparency, the more financial performance performance of the 20 largest LPDs in Badung Regency will increase, assuming the other independent variables are considered constant.
3) The regression coefficient value for the accountability variable is 0.647. A positive coefficient value indicates that the better the application of accountability, the more financial performance performance of the 20 largest LPDs in Badung Regency will increase, assuming the other independent variables are considered constant.
4) The regression coefficient value of the responsibility variable is 0.914. A positive coefficient value shows that the better the implementation of responsibility, the more the financial performance of the 20 largest LPDs in Badung Regency will increase, assuming the other independent variables are considered constant.
5) The value of the independence variable regression coefficient is 0.969. A positive coefficient value indicates that the better the implementation of independence, the more financial performance performance of the 20 largest LPDs in Badung Regency will increase, assuming other independent variables are considered constant.
6) The regression coefficient value of the fairness variable is 0.727. A positive coefficient value shows that the better the application of fairness, the more financial performance performance of the 20 largest LPDs in Badung Regency will increase, assuming other independent variables are considered constant.
7) The regression coefficient value of the Tri Hita Karana cultural variable is 0.305. The positive coefficient value shows that the better the implementation of the Tri Hita Karana culture, the more the financial performance of the 20 largest LPDs in Badung Regency will increase, assuming other independent variables are considered constant.

Descriptive Statistics

Descriptive statistics are used to provide an overview or description of the variables in this study as seen from the average value, standard deviation, variance, maximum value and minimum value. The results of descriptive statistics are presented in Table 2.

Table 2. Descriptive Statistics Test Results

Variable	N	Minimum	Maximum	Mean	Std. Deviation
Transparency	40	12	20	16,03	2,270
Accountability	40	12	20	15,90	2,228
Responsibility	40	12	20	15,63	2,404
Independence	40	12	20	15,83	2,385
Fairness	40	9	15	12,20	1,964
Tri Hita Karana	40	36	60	47,73	7,038
Financial performance	40	54	90	70,48	10,975

Primary Data, 2020

Based on Table 2, it can be seen that the data from the descriptive statistical test results which include the minimum, maximum, mean, and standard deviation of each variable, with N indicating the amount of data tested, which is 40 data. The transparency variable has a minimum value of 12 and a maximum value of 20. With an average value of 16.03 which if divided by 4 statement items will produce a value of 4.08. This means that the average respondent gives a score of 4 on each item of the transparency variable statement. This shows that most respondents agree with the statements in the questionnaire, which means that the 20 largest LPDs in Badung Regency have implemented transparency well. The standard deviation value of the transparency variable is 2,270. This means that this value is lower than the mean value, which means that the distribution of data related to transparency is evenly distributed.

The accountability variable has a minimum value of 12 and a maximum value of 20. With an average value of 15.90 which if divided by 4 statement items will produce a value of 3.98. This means that the average respondent gives a score of 4 on each item of the accountability variable statement. This shows that most respondents agree on the statements in the questionnaire, which means that the 20 largest LPDs in Badung Regency have carried out accountability well. The standard deviation value for the accountability variable is 2,228. This means that this value is lower than the mean value, which means that the distribution of data related to accountability is evenly distributed.

The responsibility variable has a minimum value of 12 and a maximum value of 20. With an average value of 15.63 which, if divided by 4 statement items, will produce a value of 3.90. This means that the average respondent gave a score of 4 on each item of the statement of the responsibility variable. This shows that most respondents agree with the statements in the questionnaire, which means that the 20 largest LPDs in Badung Regency have carried out their responsibilities well. The standard deviation value of the responsibility variable is 2.404. This means that this value is lower than the mean value, which means that the distribution of data related to responsibility is evenly distributed.

The independence variable has a minimum value of 12 and a maximum value of 20. With an average value of 15.83, which if divided by 4 statement items will produce a value of 3.96. This means that the average respondent gives a score of 3 on each item of the statement of the independence variable. This shows that most of the respondents agreed on the statement in the questionnaire, which means that the 20 largest LPDs in Badung Regency have implemented their independence well. The standard deviation value of the independence variable is 2.385. This means that this value is lower than the mean value, which means that the distribution of data related to independence is evenly distributed.

The variable of fairness has a minimum value of 9 and a maximum value of 15. With an average value of 12.20 which if divided by 3 statement items will produce a value of 4.06. This means that the average respondent gave a score of 4 on each item of the statement of the fairness variable. This shows that most of the respondents agreed on the statements in the questionnaire, which means that the 20 largest LPDs in Badung Regency have implemented their fairness well. The standard deviation value of the fairness variable is 1.964. This means that this value is lower than the mean value, which means that the distribution of data related to fairness is evenly distributed.

The Tri Hita Karana cultural variable has a minimum value of 36 and a maximum value of 60. With an average value of 47.73 which if divided by 12 statement items will produce a value of 3.98. This means that the average respondent gave a score of 4 on each item of the statement of the cultural variable Tri Hita Karana. This shows that most of the respondents agreed on the statements in the questionnaire, which means that the 20 largest LPDs in Badung Regency have implemented the Tri Hita Karana culture well. The standard deviation value of the Tri Hita Karana cultural variable is 7.038. This means that this value is lower than the mean value, which means that the distribution of data related to the Tri Hita Karana culture is evenly distributed.

The financial performance variable has a minimum value of 54 and a maximum value of 90. With an average value of 70.48 which if divided by 18 statement items will produce a value of 3.92. This means that the average respondent gave a score of 4 on each item of the financial performance variable statement. This shows that most of the respondents agreed on the statement in the questionnaire, which means that the 20 largest LPDs in Badung Regency have carried out good financial performance. The standard deviation value of the financial performance variable is 10.975. This means that this value is lower than the mean value, which means that the distribution of data related to financial performance is evenly distributed.

Hypothesis test

F Test (Model Feasibility)

The F test is carried out by looking at the significant value in the Annova table with the help of the SPSS program, namely by comparing the significance level of the independent variables with $\alpha = 0.05$. If the level of significance F $<\alpha = 0.05$ then H0 is rejected, and vice versa if the significance level is $F \geq \alpha = 0.05$ then H0 is accepted. The results of the model fit test (F test) are presented in table 3.

Table 3.

F Test Results (Model Feasibility)

Table 3. F Test Results (Model Feasibility)

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	4626,012	6	771,002	353,559	0,000[b]
	Residual	71,963	33	2,181		
	Total	4697,975	39			

Primary Data, 2020

From the results of the F test, it is found that the F value is 18.276 with a significance level of 0.000. Because the significance level is 0.000 <0.05, the regression model can be said that the principles of transparency, accountability, responsibility, independence, fairness and the Tri Hita Karana culture together have an effect on financial performance, thus the data is suitable to be used as a tool to test the influence of variables. independent of the dependent variable.

Determination Coefficient Test

The coefficient of determination test measures how far the model's ability to explain the variation in the dependent variable. The value of the coefficient of determination is between 0 and 1. The small coefficient of determination means that the ability of the independent variable to explain the variation of the dependent variable is very limited, but if the coefficient of determination is high or close to or equal to 1, it means that the independent variable is able to fully explain the dependent variable. This study uses the coefficient of determination of the value of adjusted R^2 because the adjusted R^2 value can increase or decrease if one variable is added to the model. The results of the coefficient of determination in this study are presented in Table 4 as follows.

Table 4. Determination Coefficient Test Results

Model	**R**	**R Square**	**Adjusted R Square**	**Std. Error of the Estimate**
1	0,992[a]	0,985	0,982	1,477

Primary Data, 2020

From the results of the SPSS output which is stated in Table 4, to be able to determine the dependent variable, it can be seen from the value of the adjusted R2 coefficient is 0.982. This shows that 98.2% of the variation in financial performance can be explained by the variation of the five independent variables, namely transparency, accountability, responsibility, independence, fairness. While the remaining 1.8% is explained by other factors outside the model.

Statistical test t

The t test is used to determine the effect of the independent variable on the dependent variable partially. From the t test results obtained data as in Table 5.

Table 5 Results of the t test

Variable	**Regression Coefficient (B)**	**t value**	**Sig.**	**Information**
Transparency	0,830	2,621	0,013	Significance
Accountability	0,647	2,121	0,042	Significance
Responsibility	0,914	2,974	0,005	Significance
Independence	0,969	3,139	0,004	Significance
Fairness	0,727	2,176	0,037	Significance
Tri Hita Karana	0,305	3,037	0,005	Significance

Primary Data, 2020

The Effect of Transparency on the Financial Performance of the 20 Largest LPD in Badung Regency

Based on the hypothesis testing in Table 5, the transparency variable has a regression coefficient of 0.830 with a significance level of 0.013 which is smaller than $\alpha = 0.05$. This test shows that the transparency variable has a positive effect on financial performance in LPDs. So that H1 is accepted. This shows that the higher the LPD employees implement transparency regarding transparent financial statement information and decision-making processes, it will have implications for the higher LPD financial performance.

The findings of this study are in accordance with the organizational of fit theory which states that efforts to improve financial performance require an organizational strategy that must fit between internal factors and external factors of the company (Robbins, 1994: 6). The strategy referred to is the implementation of activities of human resource institutions / organizations / companies and management in accordance with applicable standards. The application of transparency in organizational of fit theory can be explained by the management of LPDs applying transparency principles such as presenting financial reports openly, transparent decision-making processes through meetings, and the existence of transparency regarding information so that it will be able to improve the LPD's financial performance.

The results of the study are in line with research conducted by Rahmatika (2015), the test results show that the measure of transparency, which is one of the five principles of GCG, has a significant positive effect on financial performance. This is also in line with research conducted by Frediawan's (2008) research; Ristifani (2009); Hindistari (2016) which states that the application of the principles of GCG, which consists of transparency, has a positive effect on financial performance. This shows that the more transparent the LPD is in disclosing information about the condition of the LPD, which leads to increased public trust, the more the LPD's financial performance will be.

The Effect of Accountability on Financial Performance in the 20 largest LPD in Badung Regency

Based on testing the hypothesis in Table 5, the accountability variable has a regression coefficient of 0.647 with a significance level of 0.042 which is smaller than α = 0.05. This test shows that the accountability variable has a positive effect on financial performance in the LPD. So that H2 is accepted. This shows that if the LPD employees are increasingly implementing accountability which is carried out properly such as clarity of accountability according to the LPD structure, a good understanding of the LPD's vision, mission, and operational objectives and targets regarding transparent financial statement information, and decision-making processes, then this will have implications for the higher performance of the LPDs financially.

The results of this study are in accordance with the organizational of fit theory which states the company's ability to adapt to internal and external factors will be able to improve company performance (Sobirin, 2007: 268). This means that members of the organization work in accordance with the mechanisms / governance of the organization and in accordance with the authority of each member of the organization with the organizational culture in the organization so as to improve organizational goals. The application of the principle of accountability to organizational of fit theory in LPD management applies the principle of accountability such as clarity of accountability according to the LPD structure, a good understanding of the vision, mission, and objectives and operational targets of the LPD so that it will be able to improve LPD performance.

The results of this study are in line with research conducted by Jayanti (2016), which shows that good corporate governance, with one of its proxies, accountability, has a significant and positive effect on employee performance, which means that if the principle of accountability is carried out properly, financial performance will also be higher. The results of this study are not in line with those of Frediawan's (2008) study; Ristifani (2009); Rahmatika (2015); Hindistari (2016), which states that the application of GCG principles consisting of transparency, accountability, responsibility, independence and fairness has a positive effect on financial performance. This shows that the clearer the authority and function of the implementation as well as the accountability of the organizational structure in the LPD, the management of the LPD will be carried out effectively and will increase the trust of the principals, which in turn will improve the LPD's performance.

The Effect of Responsibility on the Financial Performance of the 20 Largest LPD in Badung Regency.

Based on the hypothesis testing in Table 5, the responsibility variable has a regression coefficient of 0.914 with a significance level of 0.005 which is smaller than α = 0.05. This test shows that the responsibility variable has a positive effect on financial performance in the LPD. So that H3 is accepted. This shows that the higher the LPD personnel understand and comply with all applicable laws and regulations, it will have implications for the higher LPD performance.

Related to organizational of fit theory states that organizational strategy must be fit with other factors so that the organization achieves good performance. If the management of the company is in line with internal factors (good corporate governance) and external (Tri Hita Karana culture), it will be able to reduce managers to take opportunistic actions and subsequently have an impact on the company's performance to increase (Putri, 2012). The application of responsibility in the organizational of fit theory, namely in the management of LPDs, applies the principle of responsibility such as complying with laws and regulations and LPD regulations, concern for the community and conformity to the procedures and systems implemented, it will be able to improve LPD performance.

The results of this study are in line with research conducted by Hindistari (2016) which shows that the measure of responsibility, which is one of the five principles of GCG, has a positive effect on financial performance. Frediawan (2008); Ristifani (2009); Rahmatika (2015) which states that the implementation of the GCG principle of responsibility has a positive effect on financial performance. This shows that complying with all existing regulations and carrying out responsibilities towards the government (external) can have an impact on LPD growth which has an impact on improving LPD performance.

Effect of Independence on Financial Performance of the 20 Largest LPDs in Badung Regency.

Based on the hypothesis testing in Table 5, the independence variable has a regression coefficient of 0.969 with a significance level of 0.004 which is smaller than α = 0.05. This test shows that the independence variable has a positive effect on financial performance in the LPD. So that H4 is accepted. This shows that the higher the LPD chairman can make decisions objectively or free from the interests of various parties that can harm the LPD, besides that the LPD chairman can also avoid domination by other parties, given the very strategic role of the LPD, this will have implications for the more high LPD financial performance

Organizational of fit theory suggests how organizations should be able to balance internal and external factors of the company. The company's ability to adjust to internal and external factors will improve company performance (Putri, 2012). Furthermore, the organization must be designed to be able to achieve long-term goals in the form of the organization's vision and mission without intervention from other parties so that it has an impact on company performance such as corporate value. The implementation of independence in organizational of fit theory, that is, if the LPD management applies the principle of independence such as the chairman and the management of the LPD, they should not interfere with each other in the implementation of their respective duties, rights and obligations, and there is no intervention from parties that can harm the LPD, it will be able to improve LPD financial performance.

The results of this study are in line with research conducted by Rahmatika (2015) in his research showing that there is a positive influence from the application of independence (independence) to the company's financial performance. This means, if the application of the principle of independence increases, the financial performance of PT Angkasa Pura II will increase. This research is also supported by research by Frediawan (2008); Ristifani (2009); Hindistari (2016) which states that the application of the principles of GCG which consists of independence has a positive effect on financial performance. This shows that the absence of a conflict of interest in LPD management can have an impact on increasing public trust and LPD performance and ensuring that the LPD has an objective attitude in its management.

The Effect of Fairness on the Financial Performance of the 20 Largest LPD in Badung Regency.

Based on the hypothesis testing in Table 5, the reasonableness variable has a regression coefficient of 0.727 with a significance level of 0.037 which is smaller than $\alpha = 0.05$. This test shows that the fairness variable has a positive effect on financial performance in the LPD. So that H5 is accepted. This shows that if the implementation of the principle of fairness in the LPD is higher, such as providing equal opportunities for village krama / LPD members to provide input and opinions to the LPD, giving fair treatment to all members and providing equal opportunities in hiring LPD employees for village krama, this will have implications for the higher LPD financial performance.

Organizational of fit theory suggests that the organizational strategy must be fit with internal and external factors so that it can achieve its goals. An organization / company can live sustainably, the organization must be able to live in harmony or adapt to the external and internal environment so that the company's goals in general can be achieved. Internal factors and external factors have been able to be harmonized or balanced so that it can improve company performance (Putri, 2012). The application of fairness to the organizational of fit theory in LPD management applies the principle of fairness such as treating all parties with an interest in the LPD fairly, impartially, equitably and naturally, both for members and for village manners, it will be able to improve LPD performance.

The results of this study are in line with research conducted by Jayanti (2016) showing the coefficient of reasonableness, this shows that fairness, which is one of the five principles of GCG, has a positive effect on employee performance. The results of this study are in line with research by Frediawan (2008); Ristifani (2009); Rahmatika (2015); Hindistari (2016) fairness has a positive effect on financial performance. This shows that if LPD managers pay attention to the rights of the principals and treat them fairly based on the principles of fairness and equality, it can improve LPD performance.

The Effect of Tri Hita Karana Culture on the Financial Performance of the 20 Largest LPD in Badung Regency.

Based on the hypothesis testing in Table 5, the Tri Hita Karana cultural variable has a regression coefficient of 0.305 with a significance level of 0.005 which is smaller than $\alpha = 0.05$. This test shows that the Tri Hita Karana cultural variable has a positive effect on financial performance in the LPD. So that H6 is accepted. This shows that the higher the LPD personnel understand and apply the principles of the Tri Hita Karana culture, it will have implications for the higher LPD performance.

Internal factors or external factors play an important role in the organization, both of which must be carried out in harmony with the organization in order to support maximizing increased financial performance. In an organization, it is necessary to implement an organizational fit theory, which means that the relationship between internal and external factors of the organization must be balanced. The organizational culture in each organization is different, but in order to improve the performance of an organization, the behavior / attitudes of organizational members can align with the governance or organizational mechanisms so that this can encourage progress in the organization / institution / company. The application of the Tri Hita Karana culture to organizational of fit theory in LPD management by implementing a good organizational culture is highly recommended in order to create a conducive work environment, both between employees and companies and vice versa. If this organizational culture is well managed, a strong culture will be created that will allow for increased organizational performance.

The results of this study are in line with research conducted by Gunawan (2009) that the philosophy of Balinese THK culture adopted as organizational culture has a positive and significant effect on organizational performance. The results of this study are in line with the research of Saputra (2012); Adiputra (2014); Surya (2014); Literature and Erawati (2017); Putri et al (2017), Astini and Yadnyana (2019) who found that the Tri Hita Karana culture is positively related to financial performance. This shows that if the LPD manager can live sustainably, the organization must be able to live in harmony or adapt to the external environment so that general company goals can be achieved.

V. CONCLUSION

This study can contribute to further research on the influence of the Principles of Good Corporate Governance and Tri Hita Karana Culture on financial performance. The results of hypothesis testing in this study found that statistically the principles of Good Corporate Governance and Tri Hita Karana Culture have a positive effect on the financial performance of the 20 Largest LPDs in Badung Regency, thus supporting organizational of fit theory which explains organizational strategy must be fit or in harmony with internal factors. and external to the organization. This research can contribute to the author, can provide empirical evidence about the application of the Principles of Good Corporate Gavernance and the culture of Tri Hita Karana on the financial performance of LPDs in Badung Regency. This research has implications for the LPD Institution in Badung Regency, the results of this study can provide benefits as input in decision making considerations and can implement the principles of good corporate governance and the Tri Hita Karana culture at the Village Credit Institution in Badung Regency.

Further research is suggested to examine the causes of LPD which are categorized as unhealthy, quite healthy and unhealthy LPD, so that the results of the research can be taken into consideration for decision making as a basis for improving LPD financial performance.

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