

The Effect of Implementing Good Corporate Governance Principles, Tri Hita Karana Culture and Organizational Commitments on LPD Financial Performance

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ABSTRACT : Economic development at the village level is realized through the establishment of Lembaga Perkreditan Desa (LPD) to help empower the village boarding economy through targeted savings and provision of effective capital. The purpose of this study is to explain the effect of applying the principles of good corporate governance, tri hita karana culture and organizational commitment on LPD financial performance. The population in this study were 35 LPDs in Denpasar City. Sampling was done by using non-probability sampling techniques and saturation sampling methods (saturated samples). Respondents in this study were Pamucuk and Panureksa. The data in this study were obtained through questionnaires and LPD financial reports in 2019. The data analysis technique used was multiple linear regression analysis. The results showed that the principles of good corporate governance, tri hita karana culture and organizational commitment had a positive effect on LPD financial performance. This means that the better the application of the principles of good corporate governance, tri hita karana culture and organizational commitment to the LPDs in Denpasar City, the more likely it is to improve the LPD's financial performance.

Keywords: financial performance, good corporate governance principles, tri hita karana culture, organizational commitment

I. INTRODUCTION

The Lembaga Perkreditan Desa (LPD) is a financial enterprise belonging to the Pakraman village which carries out its operational activities in the local village environment. LPD has a function in terms of empowering the village court economy through targeted savings and providing effective capital. Basically, LPD work practices are not much different from other financial institutions, both formally and informally. LPD aims to increase company value which is reflected in the profit generated. According to Sastra and Erawati (2017), an LPD that produces better profits will have an impact on the economy where the LPD is growing. The effectiveness and efficiency of the operational activities of an organization can be assessed from its financial performance (Muhammad Arifin, 2015).

LPD problems can generally be seen through their low financial performance (Yasa et al., 2018). LPD financial performance is generally measured by the profitability ratio, through the measurement of Return on Assets (ROA). This is because the LPD is an organization that relies on the absorption of assets, so that all assets are assumed to generate profits. ROA is a financial ratio that is generally used to measure overall profitability. Based on data obtained from the Empowerment Institution of Lembaga Perkreditan Desa (LPD) in Denpasar City, the amount of public funds collected in LPDs in Denpasar City as of December 2019 was IDR 2,121,103,030. These funds are classified into two types, namely savings and time deposits. The following is data regarding the development of LPD funds in Denpasar City during 2015-2019 which can be seen in Table 1.

Table 1 Development of LPD Funds in Denpasar City from 2015-2019

(in thousands of rupiah)

Year	Funds	
	Savings	Deposits
2015	587.616.686	525.244.255
2016	682.064.859	629.574.187
2017	06.224.194	755.099.488
2018	949.353.974	912.064.908
2019	1.069.396.529	1.051.706.501

Source: LPD LPD Denpasar City, 2020

Based on Table 1, it can be seen that the amount of funds collected in LPDs in Denpasar City from 2015-2019 tends to increase every period. This indicates that there is an increasing desire of the community to save money in the LPD, both in the form of savings and time deposits. The increase in funds collected in the LPDs in Denpasar City in 2015-2019 is not in line with the development of profits earned during the 5 years. The following is data regarding the development of LPD profits in Denpasar City from 2015-2019, can be seen in Table 2.

Table 2 LPD Profit Development in Denpasar City from 2015-2019

(in thousands of rupiah)

Year	Profit
2015	64.996.208
2016	70.217.525
2017	73.653.877
2018	72.935.231
2019	78.460.309

Source: LP LPD Denpasar City, 2020

Based on Table 2, it can be seen that the profit earned by LPDs in Denpasar City from 2015-2019 tends to fluctuate. From 2015 to 2017, LPD profits in Denpasar City increased gradually in each period. Then in 2018, LPD profits in Denpasar City experienced a decline. Furthermore, in 2019, LPD profits in Denpasar City again experienced a significant increase. The LPD in Denpasar City with the highest profit in 2019 was the Adat Kesiman LPD, amounting to IDR 11,334,222,166.

Reporting from Balibanknews.com (2020) it is known that the Pohgading Denpasar Customary LPD recorded quite positive profits amid the Covid-19 pandemic. This is because as of August 2020, the profit has reached Rp. 2.3 billion with a target of Rp. 4.4 billion by the end of the year. This indicates that the LPD's financial performance is going well, which is reflected in a fairly positive profit. One of the key elements in order to improve the economy of an organization is through the implementation of good corporate governance or what is known as good corporate governance (Dasuki & Lestari, 2019).

According to Goel (2018) the economic success of an organization does not only depend on efficiency, innovation and quality management but also on adherence to the principles of good corporate governance. GCG principles consist of: transparency, accountability, responsibility, independency, and fairness. The clear application of GCG principles can serve to help strengthen the foundation of company performance (Dzingai & Fakoya, 2017). The application of GCG principles to LPDs is intended so that LPDs are trusted and seen as professional organizations based on customs, and have the strength of a good internal control system (Mulyawan et al., 2017). Research conducted by Dewi and Wirasedana (2018) on the effect of good corporate governance on the financial performance of LPDs in Abiansemal District, Badung Regency, shows that good corporate governance has a positive effect on the financial performance of LPDs in Abiansemal District, Badung Regency. This is in line with the research of Sandraningsih & Putri (2015), Dzingai & Fakoya (2017), Anggayana & Wirajaya (2019), which state that good corporate governance has a positive effect on financial performance.

Sinaga (2008) states that business performance is influenced by the internal environment (human resources, capital, marketing and technology), as well as the external environment (culture, government policies, and community economic development). One of the external factors that influence business performance is culture. According to Syahrudin et al., (2016) organizational culture is an important part of an organization. Organizational culture can increase organizational effectiveness which includes organizational financial performance (Mulyadi, 2015).

Hindus adhere to the value of balance based on the philosophical teachings of the Tri Hita Karana. Tri Hita Karana can be formulated as three things that can cause humans to achieve prosperity, happiness and peace (hita), which consists of three elements, namely: parahyangan, pawongan and palemahan which are interrelated with each other (Pratiwi, 2016). Tri Hita Karana suggests that humans should always balance themselves with God, other people and the environment. Therefore, it should be assumed that the LPD's financial performance is supported by the implementation of the Tri Hita Karana Culture which has inspired human consciousness in Bali. Research conducted by Sastra & Erawati (2017), Astini & Yadnyana (2019), Paulus Tahu et al. (2019) found that the THK culture had a positive and significant effect on LPD financial performance. In line with that, research conducted by Suryathi et al. (2018) found that the THK culture had a positive and significant effect on the financial performance of the Jempiring Group in Badung Regency. Through the application of THK culture, it is impossible for humans to take actions that cause harm or destruction to other people, including organizations (Sukayana & Putri, 2019).

The Covid-19 pandemic has had a considerable impact on economic development in various sectors. But in the midst of the covid-19 pandemic, the Pohgading Customary LPD can improve its financial performance. Based on the article published by Balibanknews.com (2020), it was stated that the assets of Pohgading's LPD were recorded at IDR 146.3 billion from the year-end target of IDR 150 billion. This can occur because of the sense of responsibility of the LPD staff for the work assigned. The responsibility of LPD staff at work can occur through organizational commitment. Commitment from employees is very important for the organization because the interests, goals and needs of employees must match the interests of the organization in order to acquire competent and quality employees (Devece et al., 2016).

Commitment is an encouragement from within the individual to do something in order to support the success of the organization (Dewi & Wirasedana, 2018). Organizational commitment emphasizes the relationship between organizational members and the organization where they work. The LPD Prajuru who is committed to the organization will work optimally to achieve the LPD's goals by improving the LPD's financial performance. Research conducted by Kusumasari et al. (2017) stated that organizational commitment has a positive and significant effect on LPD performance. This is in line with research conducted by Dewi & Wirasedana (2018) which shows that commitment has a positive and significant effect on LPD financial performance.

II. CONCEPTUAL MODEL AND HYPOTHESIS

Stewardship theory is built on philosophical assumptions regarding human nature, namely that humans are intrinsically trustworthy, able to act responsibly, have integrity and honesty with others. This theory views management as a party that can be trusted to act as well as possible for the public interest. Stewardship theory assumes that there is a very strong relationship between organizational success and principal satisfaction. Managers protect and maximize the principal through their financial performance. Applying the principles of good corporate governance clearly can improve financial performance (Dzingai & Fakoya, 2017).

Good corporate governance is a concept of corporate governance that explains the relationship between interested parties and the company in an effort to improve company performance. The National Committee for Governance Policy (KNKG, 2006) explained that there are 5 principles of good corporate governance, namely transparency, accountability, responsibility, independency and fairness. Applying the principles of good corporate governance in LPDs is intended so that LPDs are trusted and viewed as custom-based professional organizations, and have the strength of a good internal control system (Mulyawan et al., 2017). So this can increase the trust of village manners in the LPD, which leads to an increase in the LPD's financial performance.

Research conducted by Dewi and Wirasedana (2018) on the effect of good corporate governance on the financial performance of LPDs in Abiansemal District, Badung Regency, shows that good corporate governance has a positive effect on the financial performance of LPDs in Abiansemal District, Badung Regency. This is in line with the research of Sandraningsih & Putri (2015), Dzingai & Fakoya (2017), Anggayana & Wirajaya (2019), which state that good corporate governance has a positive effect on financial performance. By maximally applying GCG principles, it can improve the LPD's financial performance.

H₁: Good corporate governance principles have a positive effect on the financial performance of LPDs in Denpasar City

Stewardship theory is built on the basis of psychological and sociological assumptions that have been designed in which executives as stewards are encouraged to act according to the best wishes of their principals, besides steward behavior cannot be separated from organizational interests. Although the voluntary steward follows the principal's wishes, it does not mean that the steward does not have their respective goals that may be different from the principal. The important assumption underlying stewardship theory is that steward behavior is in line with the principal's interests. According to Joseph and Kibera (2019) values and beliefs determine how people behave. So that organizational culture plays a major function in modeling company behavior and performance through the collective efforts of each member of the organization (Tianya, 2015).

The organizational culture in this study refers to the local culture of the Balinese people, namely Tri Hita Karana. The Tri Hita Karana culture is a philosophy which is also the concept of life and the cultural system of the people in Bali. The Tri Hita Karana culture contains harmony values consisting of the elements of parahyangan, pawongan, and palemahan (Rahayu et al., 2016). Through the application of THK culture, it is impossible for humans to take actions that cause harm or destruction to others, including organizations (Sukayana & Putri, 2019).

Research conducted by Sastra & Erawati (2017), Paulus Tahu et al. (2019), Astini & Yadnyana (2019) found that the THK culture had a partially significant positive effect on LPD financial performance. These results are in line with the research of Dwija Putri et al. (2017) which shows that the THK culture has a positive effect on BPR performance. Research by Suryathi et al. (2018) found that the Tri Hita Karana Culture has a positive and significant effect on the financial performance of the Jempiring Group in Badung Regency. This

shows that the deeper the members of the organization absorb the THK culture, the more organizational performance increases.

H₂: Tri Hita Karana culture has a positive effect on the financial performance of LPDs in Denpasar City

Stewardship theory is defined as a situation where managers are not motivated by individual goals, but rather aimed at their main goal, namely to achieve organizational goals. This theory focuses attention on the behavior of managers who prioritize organizational interests rather than personal interests (Keay, 2017). This occurs because of a psychological bond between members and the organization which is characterized by a strong belief and acceptance of the goals and values of the organization. Trust in organizational goals can be created through organizational commitment. Organizational commitment is related to individual belief in predetermined goals (Mowday et al., 1982).

Organizational commitment is an attitude that describes the level of loyalty of an employee to the organization and continues so that members of the organization can devote their attention to the organization and can provide success and sustainable progress (Limanto & Sukartha, 2019). According to Allen & Meyer (1990) there are three dimensions of organizational commitment, namely: affective commitment, ongoing commitment, and normative commitment. Commitment from employees is very important for the organization because the interests, goals and needs of employees must match the interests of the organization in order to obtain competent and quality employees (Devece et al., 2016). So that the higher the organizational commitment that is owned, it can further improve the LPD's financial performance.

Research conducted by Kusumasari et al. (2017) stated that commitment has a positive and significant effect on LPD performance. This is in line with research conducted by Dewi & Wirasedana (2018) which states that commitment has a positive and significant effect on LPD financial performance.

H₃: Organizational commitment has a positive effect on the financial performance of LPDs in Denpasar City

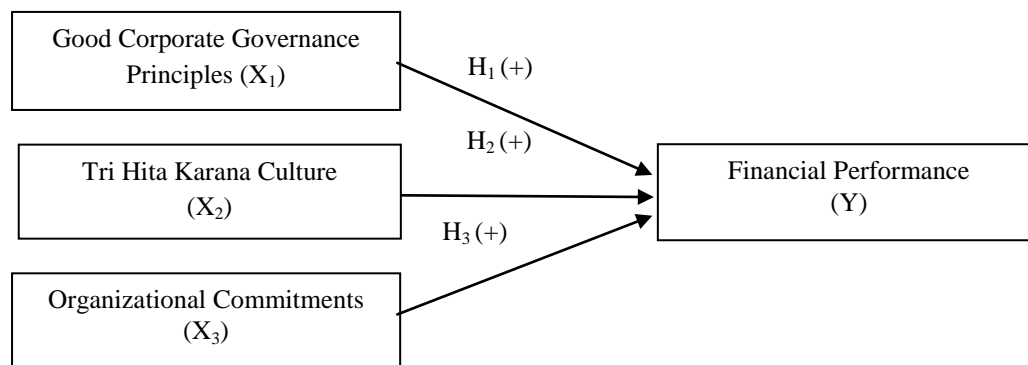


Figure 1. Conceptual Framework

III. RESEARCH METHODS

The research design used in this research is an associative quantitative approach. This research was conducted at all Village Credit Institutions (LPD) in Denpasar City. The city of Denpasar was chosen because based on data obtained from the LPD Denpasar City in 2020, the development of public funds collected from 2015-2019 tends to increase every period. Meanwhile, the profits obtained from 2015-2019 tended to fluctuate. The population in this study were all LPDs in Denpasar City, amounting to 35 LPDs. Determination of the sample in this study using non-probability sampling techniques with saturation sampling method (saturated sample). So that the number of samples in this study was 35 LPD. Respondents in this study were Pamucuk and Panureksa in each LPD in Denpasar City. Pamucuk was chosen as the respondent because he plays a role in operations and knows almost all LPD operational activities and is responsible for LPD performance. Panureksa was chosen as a respondent because it plays a role in overseeing LPD operational activities and is responsible for reporting the results of supervision to village paruman. So that the respondents in this study amounted to 70 people. The data collection method used in this research is a survey method with data collection techniques used in the form of a questionnaire. Respondents' answers are given a value or score using a Likert scale. Another data collection method used in this study is the non-participant observation method. Data were collected by observing, tracing, reading and recording information that occurred against secondary data in the form of LPD financial reports in Denpasar City. The analysis technique used in this research is multiple linear regression analysis techniques.

IV. RESULTS AND DISCUSSION

Data collection was carried out by distributing questionnaires to 70 respondents directly, to all LPDs in Denpasar City. All the questionnaires were returned with complete filling and fulfilling the requirements so that no questionnaire was failed. The calculation of these data yields that the response rate is 100%, with a usable response rate of 100%. The characteristics of the respondents in this study include gender, age, latest education level, and position. Details of the characteristics of the respondents can be seen in Table 3.

Table 3 Respondent Characteristics

Characteristics	Information	Total	Percentage (%)
Gender	1. Male	67	96
	2. Female	3	4
	Total	70	100
Age	1. ≤ 40 years old	3	4
	2. > 40 years old	67	96
	Total	70	100
Latest Education	1. Senior High School	25	36
	2. Diploma	4	6
	3. S1	29	41
	4. S2	12	17
	Total	70	100
Position	1. Pamucuk	35	50
	2. Panureksa	35	50
	Total	70	100

Source: Primary data processed, 2020

Based on Table 3, it shows that the respondents in this study, namely Pamucuk and Panureksa, in the LPD in Denpasar City, were mostly male, 96 percent. So that there is still a gap in the number of Pamucuk and Panureksa women who have a core role in managing the LPD. In terms of age, respondents who were less than or equal to 40 years old were 3 people or 4 percent, while respondents who were more than 40 years old were 67 people or 96 percent. Age can be used as a benchmark for one's maturity and strength in work and thinking. The majority of Pamucuk and Panureksa in LPDs in Denpasar City are the group of respondents with the latest education level at the S1 level, namely as many as 29 people or 41 percent. This information illustrates that those who are directly involved in improving the financial performance of LPDs in Denpasar City are graduates. Respondents with positions as Pamucuk were 35 people or 50 percent, and respondents with positions as Panureksa were also 35 people or 50 percent. This shows that respondents with the positions of Pamucuk and Panureksa are selected in a balanced proportion. Pamucuk plays a role in LPD operations and is aware of almost all LPD operational activities and is responsible for LPD performance. Meanwhile, Panureksa plays a role in overseeing the operational activities of the LPD and is responsible for reporting the results of supervision to village paruman. Therefore, the positions of Pamucuk and Panureksa play an important role in improving the LPD's financial performance.

Table 4 Results of Multiple Linear Regression Analysis

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	-2,163	0,664		-3,259	0,002
Good Corporate Governance Principles	0,020	0,009	0,211	2,150	0,035
Tri Hita Karana Culture	0,074	0,016	0,466	4,727	0,000
Organizational Commitments	0,034	0,009	0,313	3,675	0,000

Source: Primary data processed, 2020

Based on the results of multiple regression analysis in Table 4, the regression equation used in this study can be written as follows.

$$Y = -2,163 + 0,020X_1 + 0,074X_2 + 0,034X_3 + \epsilon$$

The Effect of Good Corporate Governance Principles on LPD Financial Performance in Denpasar City

The regression coefficient value X_1 or the principles of good corporate governance is 0.020, which is positive with a significance level of 0.035 less than 0.05. This shows that the principles of good corporate governance have a positive and significant effect on financial performance. So the first hypothesis which states that the principles of good corporate governance have a positive effect on the financial performance of LPDs in Denpasar City is accepted. The principles of good corporate governance which are measured using indicators: transparency, accountability, responsibility, independence, and fairness are proven to be able to influence the financial performance of LPDs in Denpasar City. This finding can be interpreted that if the LPD in Denpasar City has panureksa, is able to provide timely, adequate and accurate financial reports, holds periodic meetings between LPD officers, panureksa, and village manners to discuss LPD developments, and publish financial and other information material, then it will be able to make a significant contribution to improving the principle of transparency which will have an impact on the LPD's financial performance. In addition, if the LPD staff understands the vision and mission of the LPD, understands the duties and responsibilities they have, is able to document financial reports properly, and the financial reports are audited by a qualified and independent external auditor, then this will be able to make a significant contribution to increasing the principle of accountability which has an impact on improving the LPD's financial performance.

LPDs in Denpasar City that are able to comply with all applicable laws and regulations, village pararem, and LPD awig-awig, then care for village manners and environmental sustainability, carry out a decision-making process carefully and in accordance with procedures, and LPD trainees are capable working professionally, it will be able to make a significant contribution to increasing the principle of responsibility which has an impact on improving the LPD's financial performance. Then the LPD Pamucuk in Denpasar City is able to make decisions objectively, is able to avoid domination from any party, is able to avoid conflicts of interest, and LPD operational activities can be carried out properly and dynamically, so this will be able to make a significant contribution to improving the principle of independence which has an impact on improving the LPD's financial performance. In addition, if the LPD staff gives an opportunity to village krama or LPD members to provide input and convey opinions for the LPD, provide fair treatment for all members, and provide equal opportunities in hiring employees for village manners, then this will be able to contribute which is significant to improve the principle of fairness which has an impact on improving the financial performance of the LPD. This means that the financial performance of LPDs in Denpasar City will increase if all LPDs in Denpasar City apply the principles of good corporate governance properly.

The findings of this study are in accordance with the theory of stewardship regarding human nature, namely that humans are intrinsically trustworthy, able to act responsibly, have integrity and honesty towards other parties. The application of the principles of good corporate governance based on stewardship theory can be explained by the actions taken by LPD officers in carrying out LPD operational activities. The LPD Prajuru acts as well as possible for the interests of the LPD and village manners based on the principles of good corporate governance. The results of this study are supported by Dewi and Wirasedana (2018) who found that the principles of good corporate governance have a positive effect on the financial performance of LPDs. Research conducted by Sandraningsih & Putri (2015), Dzingai & Fakoya (2017), Anggayana & Wirajaya (2019), Astini & Yadnyana (2019), empirically proves the influence of the principles of good corporate governance on financial performance. By applying the principles of good corporate governance to the LPD, it can increase the trust of village courtesy of the LPD and lead to an increase in the LPD's financial performance.

The Effect of Tri Hita Karana Culture on LPD Financial Performance in Denpasar City

The regression coefficient value of X_2 or the tri hita karana culture is 0.074, which is positive with a significance level of 0.000 less than 0.05. This shows that the tri hita karana culture has a positive and significant effect on financial performance. So the second hypothesis which states that the tri hita karana culture has a positive effect on the financial performance of LPDs in Denpasar City is accepted. Tri hita karana culture as measured by using indicators: parahyangan, pawongan and palemahan has been proven to be able to influence the financial performance of LPDs in Denpasar City. This finding can be interpreted that if LPD officers in Denpasar always pray according to their beliefs when they want to start a job, they have a belief that the success of LPD personnel in carrying out LPD operational activities is not solely due to their own abilities, but also with the blessing of God Almighty. Prajuru LPD believes that carrying out LPD operational activities with the principles of honesty is an act that has the blessing and protection of God Almighty, so it will be able to make a significant contribution to improving the parahyangan indicators that will have an impact on improving the LPD's financial performance.

Prajuru and Panureksa LPD in Denpasar City who are willing to live together by implementing mutual respect and respect in carrying out LPD operational activities, then make the law of karma phala (cause and effect) as a guide in carrying out LPD operational activities, always anticipating all changes that occur in

implementing LPD operational activities by carrying out learning / training and sharing experiences between LPD and panureksa personnel, and having an open attitude in assessing work results and various rights between LPD and panureksa personnel in carrying out LPD operational activities as a manifestation of humans as God's creation that need to be respected as well as respected. Then it will be able to make a significant contribution to improving the pawongan indicator. So that it will have an impact on improving the LPD's financial performance.

LPD in Denpasar City, which has a place of worship in the LPD area as a form of devotion to God Almighty, then LPD teachers avoid conflicts with village manners and the surrounding environment related to environmental issues in carrying out LPD operational activities, then LPD has spatial and The facilities where LPD operational activities are carried out are arranged in such a way as to create a conducive atmosphere and create a work ethic of LPD personnel, and LPD officers always maintain and maintain security at work so as to increase the trust of village manners and the surrounding environment by implementing LPD operations in a sustainable manner. Then this will be able to make a significant contribution to improving the palemahan indicators that will have an impact on improving the LPD's financial performance. This means that the financial performance of LPDs in Denpasar City will increase if all LPDs in Denpasar City apply the tri hita karana culture properly.

The findings of this study are in accordance with the stewardship theory which states that managers act according to the best wishes of the principal, besides steward behavior is inseparable from organizational interests. The implementation of the tri hita karana culture based on the stewardship theory can be explained by the harmonization of behavior in carrying out LPD operational activities. The tri hita karana culture is used as a basic teaching on how humans should behave in social life. The concept of tri hita karana which is based on the elements of parahyangan, pawongan and palemahan can create harmony between all components of life. The results of this study are supported by the findings of research by Sastra & Erawati (2017) which states that the tri hita karana culture has a positive and partially significant effect on financial performance. The results of this study are also in line with the research findings of Paulus Tahu et al. (2019), Astini & Yadnyana (2019), Dwija Putri et al. (2017), Suryathi et al. (2018) empirically also prove that culture has a significant positive effect on financial performance. So, it is impossible for humans to take actions that cause harm and destruction to themselves and others, including the organization.

The Effect of Organizational Commitment on LPD Financial Performance in Denpasar City

The regression coefficient value X_3 or organizational commitment is 0.034, which is a positive value with a significance level of 0.000 less than 0.05. This shows that organizational commitment has a positive and significant effect on financial performance. Then the third hypothesis which states that organizational commitment has a positive effect on the financial performance of LPDs in Denpasar is accepted. Organizational commitment as measured by using indicators: affective commitment, ongoing commitment, and normative commitment has been shown to be able to influence the financial performance of LPDs in Denpasar City. This finding can be interpreted that if the LPD prajuru is happy when spending the rest of his career in the LPD, boasts the LPD to outsiders, gives full attention to the problems that occur in the LPD, is easy to bond with the LPD, feels part of the LPD family, has an emotional attachment to the LPD, and the existence of the LPD has considerable significance, as well as a strong sense of belonging to the LPD. Then this will make a significant contribution to increasing affective commitment which will have an impact on improving the LPD's financial performance.

The results of this study also show that if LPD officers in Denpasar City are worried that if they stop working at the LPD because they do not have other jobs, it is difficult to leave the LPD even if they want to, have the view that many things in their life will be disturbed if they decide to leave the LPD, know the losses incurred when leaving the LPD, making work both a necessity and a desire, few options when leaving the LPD, and the scarcity of alternative opportunities available when leaving the LPD, as well as the benefits gained from a career in the LPD that may not necessarily be found in other organizations. Then this will be able to make a significant contribution to increasing sustainable commitment. So that this will have an impact on improving the LPD's financial performance.

Prajuru LPD in Denpasar City who knows that moving from one organization to another is an action that is rarely done, believes that one should always be loyal to the organization, always changing organizations is an unethical act, to keep working in the LPD because it is a moral obligation, does not make an offer jobs from other organizations as a reason to leave the LPD, believe in the value of being loyal to one organization, working in one organization throughout a career is the right action, and being loyal employees of an organization is a wise move. Then this will be able to make a significant contribution to increasing normative commitment, so that it will have an impact on improving the LPD's financial performance. This means that the financial performance of LPDs in Denpasar City will increase if all LPD parties in Denpasar City have high organizational commitment.

The findings of this study are in accordance with the stewardship theory which states that managers are not motivated by individual goals, but rather aimed at their main goal, namely to achieve organizational goals. Organizational commitment based on stewardship theory can be explained by a strong belief and acceptance of the goals and values of the organization. The organizational commitment of the LPD officers is related to their trust in the organization, so that it will prioritize the interests of the organization. The results of this study are supported by the findings of a study conducted by Kusumasari et al. (2017) which states that commitment has a positive and significant effect on the performance of Village Credit Institutions. These results are in line with research conducted by Dewi & Wirasedana (2018) which also shows that commitment has a positive and significant effect on LPD financial performance. The high organizational commitment of the LPD staff can lead them to work optimally so as to improve the LPD's financial performance.

V. CONCLUSION

Based on data analysis and the discussion that has been described, it can be concluded that the principles of good corporate governance affect the financial performance of LPDs in Denpasar City. This is because through the application of the principles of good corporate governance, the LPD governance system becomes more organized so that it can improve the LPD's financial performance. The tri hita karana culture affects the financial performance of the LPDs in Denpasar City. This is because the implementation of the tri hita karana culture can create harmonious relationship with the LPD so as to improve the LPD's financial performance. Organizational commitment affects the financial performance of LPDs in Denpasar City. This is because organizational commitment can create LPD staff loyalty to work with dedication and responsibility so as to improve the LPD's financial performance.

Suggestions that can be given are based on the research results, for prajuru LPD should be more maximal in applying the principles of good corporate governance, implementing the tri hita karana culture and increasing organizational commitment so as to improve the LPD's financial performance. For future researchers, the results of this study are expected to be able to encourage researchers to observe other variables that affect the financial performance of LPDs in Denpasar City.

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