

# Exploring the Impact of Corporate Governance, Organizational Commitment, and Tri Hita Karana Culture on Financial Performance

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## ABSTRACT

The objective of this study is to assess the effects of Good Corporate Governance (GCG) Principles, Organizational Commitment, and Tri Hita Karana (THK) Culture on the financial performance of Lembaga Perkreditan Desa (LPD) in Karangasem Regency. The research includes a population of 190 LPDs in Karangasem Regency, using a purposive sampling method to select 20 LPDs. Data were collected through questionnaires distributed to respondents holding the roles of Pemucuk and Panureksa at these LPDs. Multiple linear regression analysis was employed to analyze the data. The findings reveal that GCG Principles, Organizational Commitment, and THK Culture positively affect the financial performance of LPDs, suggesting that enhancing these factors can significantly improve financial outcomes across LPDs in Karangasem Regency.

Keywords: Good Corporate Governance Principles, Organizational Commitment, Tri Hita Karana Culture, Financial Performance

## *Pengaruh Prinsip Good Corporate Governance, Komitmen Organisasi, Dan Budaya Tri Hita Karana Terhadap Kinerja Keuangan*

## ABSTRACT

Tujuan penelitian untuk memperoleh bukti empiris pengaruh Prinsip Good Corporate Governance (GCG), Komitmen Organisasi, dan Budaya Tri Hita Karana (THK) terhadap Kinerja Keuangan Lembaga Perkreditan Desa (LPD) se-Kabupaten Karangasem. Populasinya yaitu 190 LPD di Kabupaten Karangasem. Teknik penentuan sampel melalui purposive sampling. Jumlah sampel yaitu 20 LPD dengan Pemucuk dan Panureksa sebagai responden. Teknik pengumpulan data dengan menyebarkan kuesioner ke 20 LPD. Teknik analisis yaitu analisis regresi linear berganda. Hasil analisis memperoleh bahwa Prinsip GCG, Komitmen Organisasi, dan Budaya THK berpengaruh positif dan signifikan pada Kinerja Keuangan LPD, yang berarti semakin meningkat penerapan Prinsip GCG, Komitmen Organisasi, dan Budaya THK maka mampu meningkatkan Kinerja Keuangan LPD se-Kabupaten Karangasem.

Kata Kunci: Prinsip Good Corporate Governance, Komitmen Organisasi, Budaya Tri Hita Karana, Kinerja Keuangan

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## INTRODUCTION

Lembaga Perkreditan Desa (LPD) represents a pivotal non-bank financial institution in Bali, notable for its substantial assets and dual social and economic commitments to the Pakraman Village community. Financial performance, as described by (Darmayanti et al., 2020), reflects the achievements of an organization or company over a specific period, documented within its financial statements. This study utilizes data from Tables 1 and 2, which illustrate the financial performance of LPDs through their activities in fund collection and distribution, as reported by the Lembaga Pemberdayaan Lembaga Perkreditan Desa (LPLPD) of Bali Province.

**Table 1. Fund Raising of LPD's of Karangasem Regency Year 2018-2022**

Year	Funds			
	Savings	% Change	Deposits	% Change
2018	IDR 267,979,617	0%	IDR 141,053,387	0%
2019	IDR 317,754,278	19%	IDR 194,734,100	38%
2020	IDR 295,935,577	-7%	IDR 176,124,500	-10%
2021	IDR 267,653,390	-10%	IDR 142,810,748	-19%
2022	IDR 347,573,069	30%	IDR 137,996,000	-3%
Total	IDR 1,496,895,069		IDR 597,984,635	IDR 2,094,880,566

Source: LPLPD Bali Province, 2023

The data in the table indicates that the year-to-year percentage change in savings has been fluctuating, with a decline of 7% in 2020 and 10% in 2021. However, 2022 saw a substantial increase in savings, rising by 30%. In contrast, the percentage change in deposits consistently decreased from 2020 to 2022, marked by a notable decline of 19% in 2021.

**Table 2. Distribution of LPD Funds in Karangasem Regency Year 2018-2022**

Year	Funds			
	Assets	% Change	Credits	% Change
2018	IDR 1,379,734,791	0%	IDR 906,073,263	0%
2019	IDR 1,662,864,015	21%	IDR 1,052,642,416	16%
2020	IDR 1,656,618,810	0%	IDR 1,076,110,587	2%
2021	IDR 1,542,585,583	-7%	IDR 1,029,858,047	-4%
2022	IDR 1,593,328,246	3%	IDR 1,002,800,958	-3%
Total	IDR 7,835,131,445		IDR 5,067,485,271	

Source: LPLPD Bali Province, 2023

The table illustrates that the percentage change in total assets saw minimal development in 2020, with no increase. A notable decline of 7% occurred in 2021, correlating with the fundraising data. The percentage change in the number of loans increased marginally by 2% in 2020 but decreased in the following years, by 4% in 2021 and 3% in 2022. Despite fluctuations in savings, deposits, and loans, alongside significant asset holdings, there was no corresponding improvement in the LPD's health classification.

Table 3 reveals a comparison between operating and non-operating LPDs from 2018-2022, showing an increase in operating LPDs compared to those non-operating. However, annually, the proportion of LPDs classified as healthy has diminished relative to the other three categories, which have seen increases. This underscores the necessity of consistent management systems. The adoption of

Good Corporate Governance (GCG), Organizational Commitment, and Tri Hita Karana Culture is crucial for enhancing fund collection and distribution in Karangasem and improving the health classification of each LPD.

**Table 3. Health Classification of LPD Kab. Karangasem Year 2018-2022**

Description (Health Classification)	Period				
	Dec 2018	Dec 2019	Dec 2020	Dec 2021	Dec 2022
Healthy	90	102	92	86	80
Fairly Healthy	43	40	39	36	43
Less Healthy	15	17	27	39	41
Not Healthy	6	7	10	13	10
Total LPD's Operating	154	166	168	174	174
Not Operating	36	28	22	16	16

Source: LPLPD Bali Province, 2023

The Forum For Corporate Governance Indonesia (FCGI) defines GCG as a framework regulating relationships between stakeholders and shareholders to align interests and prevent irregularities (Jayantari & Gorda, 2020). Implementing GCG in LPDs will instill confidence in the Pakraman Village, ensuring their funds are managed proficiently (Indriyani & Putra, 2020). Moreover, organizational commitment is vital for LPDs as it reflects employees' association with the organization, characterized by a belief in and acceptance of organizational goals, a robust desire to contribute, and a strong intent to remain within the organization (Naghshbandi et al., 2017). Furthermore, integrating Tri Hita Karana Culture reinforces to the Village Credit Institution that all organizational activities should maintain a balance between profitability, societal benefit, and environmental sustainability (Latrini & Budiasih, 2023).

Research by Astini & Yadnyana (2019) indicates that Good Corporate Governance (GCG) has a positive impact on the financial performance of Lembaga Perkreditan Desa (LPDs) in Jembrana Regency. However, a study by Sastra & Erawati (2017) reveals that only the principles of transparency and accountability significantly enhance financial performance in LPDs within Abianseml District, Badung Regency, while principles such as responsibility, fairness, and independence do not. Nugraha & Suryanawa (2021) found that enhanced organizational commitment in LPDs in Denpasar City likely improves financial performance. Conversely, Salamci & Artar (2021) observed mixed effects of different types of commitment on company performance: affective commitment had no significant effect, continuance commitment negatively impacted performance, and only normative commitment positively influenced performance.

Regarding the Tri Hita Karana (THK) Culture, Prawira & Rasmini (2020) report that its effective implementation can improve financial performance in KSPs in Tabanan Regency. However, Ariani et al. (2020) argue that THK Culture does not influence LPD performance.

Stewardship theory, as outlined by (Schillemans & Bjurström, 2020), suggests that stewards work collaboratively with principals to achieve organizational goals. This is contrasted with agency theory, which highlights the potential for conflicts of interest between owners (principals) and managers (agents), particularly when agents pursue personal benefits over the welfare of the organization (Pramesti et al., 2023). This study aims to empirically validate the

effects of GCG Principles, Organizational Commitment, and THK Culture on the financial performance of LPDs in Karangasem Regency, addressing gaps in the literature and contributing to a deeper understanding of these dynamics.

Transparency is a principle that ensures stakeholders have access to information essential for assessing management effectiveness. According to stewardship theory, transparent management practices foster openness, enabling stakeholders to access pertinent company information. Research by Latrini & Budiasih (2023) supports this, showing a positive relationship between transparency and financial performance. Conversely, a study by Mahaendrayasa & Putri (2017) found that while transparency positively influences financial performance, the effect is statistically insignificant. This finding aligns with further research by Sastra & Erawati (2017), Ferriswara et al. (2022), Al-Matari (2022), and Mansour et al. (2022), which collectively suggest that transparency enhances financial performance by balancing information between agents and principals, thereby boosting principal confidence and stabilizing financial performance.

H<sub>1</sub>: Transparency positively affects the financial performance of Lembaga Perkreditan Desa in Karangasem Regency.

Accountability involves delineating the functions, implementation, and responsibilities of company management to ensure operations are both effective and economical. Stewardship theory posits that stewards must report all accountability measures, such as financial reports, to the principals to demonstrate the performance of the company. Research by Prawira & Rasmini (2020) indicates that good corporate governance, particularly accountability, significantly enhances the financial performance of Savings and Loan Cooperatives in Tabanan Regency. This is corroborated by studies from Faozan et al. (2023), Zelalem et al. (2022), and Temba et al. (2023), which argue that clear and accountable management directives foster responsible decision-making and robust management, thereby improving financial performance.

H<sub>2</sub>: Accountability positively influences the financial performance of Lembaga Perkreditan Desa in Karangasem Regency.

Responsibility within Lembaga Perkreditan Desa (LPD) entails fulfilling social, environmental, and regulatory obligations. Stewardship theory suggests that managers appointed by Pakraman Village should positively impact the community's welfare and focus on environmental sustainability. Research by Sari & Putra (2021) on the 20 largest LPDs in Badung Regency supports the positive impact of responsibility on financial performance. Similar findings were reported by Wibawa & Ratnadi (2021), Kafidipe et al. (2021), and Musah et al. (2022), indicating that adhering to the principle of community care and environmental conservation, in compliance with laws, enhances customer trust and financial performance.

H<sub>3</sub>: Responsibility positively affects the financial performance of Lembaga Perkreditan Desa in Karangasem Regency.

Independence in decision-making is crucial, requiring freedom from external intimidation. According to stewardship theory, decision-making should be free from external interference to prevent fraud and protect the organization's interests. Research by Nugraha & Suryanawa (2021) found that independence

significantly boosts the financial performance of LPDs in Denpasar City. This outcome is echoed in studies by Latrini & Budiasih (2023), Prawira & Rasmini (2020), and Jayantari & Gorda (2020), which highlight that independence facilitates professional and unbiased management, allowing decisions to be made objectively, thereby improving financial performance.

H<sub>4</sub>: Independence positively influences the financial performance of Lembaga Perkreditan Desa in Karangasem Regency.

Fairness ensures equitable treatment amid diverse company interests. Stewardship theory posits that managers, acting as agents, are expected to ensure fairness and justice in managing LPD, reflecting their responsibility to stakeholders. Research by Sari & Putra (2021) indicates that fairness positively influences the financial performance of the top 20 LPDs in Badung Regency. This effect is attributed to managers respecting principal rights and treating them equitably, which enhances LPD performance. Similar findings were echoed by Suputra & Hendrayanti (2020), Ferriswara et al. (2022), and Darmayanti et al. (2020), highlighting that operational fairness to all parties – including employees and customers – boosts financial outcomes.

H<sub>5</sub>: Fairness positively impacts the financial performance of Lembaga Perkreditan Desa in Karangasem Regency.

Commitment is defined as an individual's firm allegiance to an organization's goals and their continued membership within it. Organizational commitment can mitigate the adverse effects of agency theory, which often features conflicts of interest between agents and principals, with agents sometimes prioritizing personal over organizational goals. Research by Dewi & Wirasedana (2018) supports that organizational commitment significantly enhances LPD financial performance. Further support comes from Imamoglu et al. (2019), Akase et al. (2021), and Wibawa & Ratnadi (2021), who found that commitment improves financial performance through employee loyalty, dedication, and adherence to organizational values.

H<sub>6</sub>: Organizational commitment positively influences the financial performance of Lembaga Perkreditan Desa in Karangasem Regency.

Tri Hita Karana (THK) is a Balinese concept reintroduced in the context of corporate social responsibility among financial institutions. Agency theory suggests that applying THK ensures agents act in the best interests of principals. Research by Pramesti et al. (2023) found that THK Culture significantly enhances the performance of LPDs in Sukawati District. This finding is reinforced by studies from Latrini & Budiasih (2023), Astini & Yadnyana (2019), and Nugraha & Suryanawa (2021), which suggest that THK fosters financial performance by maintaining harmony with the divine (Parahyangan), among people (Pawongan), and with the environment (Palemahan).

H<sub>7</sub>: Tri Hita Karana Culture positively affects the financial performance of Lembaga Perkreditan Desa in Karangasem Regency.

## RESEARCH METHODS

The research was conducted at all Lembaga Perkreditan Desa (LPD) in Karangasem Regency, analyzing financial data including savings, deposits, loans,

and assets from 2018 to 2022. The focus on Karangasem Regency was selected due to available data illustrating the financial performance of LPDs through their fund collection and distribution processes and the varying health classifications of each LPD.

The population for this study comprised 190 LPDs in 2022, distributed across eight sub-districts: Abang (20 LPDs), Karangasem (23 LPDs), Bebandem (15 LPDs), Rendang (26 LPDs), Selat (27 LPDs), Sidemen (19 LPDs), Kubu (41 LPDs), and Manggis (19 LPDs). The sample consisted of the top 20 LPDs in Karangasem Regency, selected using a non-probability purposive sampling method. The sampling criteria included LPDs that ranked in the top 20 based on asset value and were representative of all health classifications – healthy, moderately healthy, less healthy, and unhealthy. The respondents included the LPD Chairman (Pemucuk) and the LPD Supervisory Board (Panureksa), who were chosen due to their operational roles and knowledge of all activities within the LPDs, as well as their responsibilities for the performance of the LPDs and reporting to the Village Paruman. Thus, the total number of respondents involved in the study was 40 individuals.

This study utilizes seven independent variables to explore their impact on the financial performance of Lembaga Perkreditan Desa (LPD). These variables are Transparency, Accountability, Responsibility, Independence, Fairness, Organizational Commitment, and Tri Hita Karana Culture. The dependent variable is the financial performance of the LPDs.

The variables associated with the Principles of Good Corporate Governance – Transparency, Accountability, Responsibility, Independence, and Fairness – are assessed using modified instruments from a research questionnaire by (Astini & Yadnyana, 2019). The Organizational Commitment variable is measured with a modified instrument from Allen & Meyer (1990), encompassing three components: affective commitment, continuance commitment, and normative commitment. The Tri Hita Karana variable is evaluated through an instrument also adapted from (Astini & Yadnyana, 2019), focusing on the three components Parahyangan, Pawongan, and Palemahan, consisting of 12 questions. The financial performance variable is assessed using a modified instrument from Abdul Halim (2007:230), which includes 18 questions.

Data collection methods in this study include distributing questionnaires to 40 respondents, non-participant observation of financial data such as savings, deposits, assets, and loans, and conducting unstructured interviews with a Pemucuk of an LPD in Karangasem Regency ranked among the top 20 LPDs by asset value. The data analysis techniques employed include descriptive statistical analysis, classical assumption tests, and multiple linear regression analysis to determine the influence of the independent variables on the LPD's financial performance.

The regression equation formed in the model is as follows:

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 + \beta_6 X_6 + \beta_7 X_7 + \varepsilon$$

Where:

Y = Financial Performance of LPD

A = Constant

$\beta_1, \beta_2, \beta_3, \beta_4, \beta_5, \beta_6, \beta_7$  = Regression coefficient

X <sub>1</sub>	= Transparency
X <sub>2</sub>	= Accountability
X <sub>3</sub>	= Responsibility
X <sub>4</sub>	= Independence
X <sub>5</sub>	= Fairness
X <sub>6</sub>	= Organizational Commitment
X <sub>7</sub>	= Tri Hita Karana Culture
ε	= error term

## RESULTS AND DISCUSSION

Descriptive statistical tests are employed to provide a general description of all variables utilized in the study, including mean, standard deviation, variance, minimum, and maximum values. Table 4 presents the descriptive statistics for these variables.

**Table 4. Descriptive Statistics Test Results**

Variable	N	Min	Max	Mean	Std. Deviation
Transparency	40	12	20	14.825	2.286
Accountability	40	12	19	14.725	1.679
Accountability	40	12	19	14.675	2.153
Independence	40	12	20	15.000	2.641
Fairness	40	9	15	11.100	1.676
Organizational Commitment	40	76	103	90.925	6.907
Tri Hita Karana Culture	40	36	59	46.475	6.936
Financial Performance	40	54	80	65.350	7.437

Source: Data processed, 2024

Table 4 reveals that all variables—both independent (Transparency, Accountability, Responsibility, Independence, Fairness, Organizational Commitment, and Tri Hita Karana Culture) and the dependent variable (Financial Performance)—show mean values that, when averaged across the statement items for each variable, correspond to a predominant respondent score of 4, indicating agreement. This consensus among respondents suggests that the largest LPDs by asset value in Karangasem Regency have substantially incorporated these variables into their operational practices.

**Table 5. Multiple Linear Regression Analysis Results**

Variable	B	t <sub>count</sub>	Sig.
(Constant)	-5.238	-1.116	0.273
Transparency (TP)	0.480	2.534	0.016
Accountability (AK)	1.018	4.331	0.000
Responsibility (RP)	0.706	2.742	0.010
Independence (IN)	0.485	2.248	0.032
Fairness (KW)	0.528	2.187	0.036
Organizational Commitment (KO)	0.192	2.579	0.015
Tri Hita Karana (THK)	0.163	2.762	0.009
<i>R Square</i>	0.951		
<i>Adjusted R Square</i>	0.941		
<i>F count</i>	89.666		
Significance of F Test	0.000		

Source: Data processed, 2024

The equation formed from the results of the multiple linear regression analysis is as follows:

$$Y = -5.238 + 0.480TP + 1.018AK + 0.706RP + 0.485IN + 0.528KW + 0.192KO + 0.163THK + \varepsilon$$

The constant value of -5.238 indicates a negative coefficient, suggesting that if the independent variables (Transparency, Accountability, Responsibility, Independence, Fairness, Organizational Commitment, and Tri Hita Karana Culture) remain constant, the dependent variable (Financial Performance) will also remain unchanged. Moreover, the positive beta coefficients for the independent variables suggest that an increase in the application of these governance and cultural factors by LPDs in Karangasem Regency corresponds with an enhancement in financial performance, assuming other variables are held constant.

The F-test results, with an F value of 89.666 and a significance of 0.000, which is less than  $\alpha = 0.05$ , indicate a statistically significant collective impact of the independent variables on the dependent variable. The Adjusted R2 value of 0.941 implies that 94.1% of the variation in financial performance is explained by the independent variables, with the remaining 5.9% accounted for by factors outside the model.

According to Table 5, the transparency variable, with a significance value of 0.016, is less than 0.05, suggesting a positive and significant influence on the financial performance of LPDs in Karangasem Regency. The positive regression coefficient indicates that higher levels of transparency can enhance LPD financial performance, while lower levels may reduce it. This finding is aligned with Stewardship Theory, which supports the idea that greater disclosure and transparency through comprehensive, timely, and accurate financial reporting can enhance organizational performance. This is further evidenced by the routine meetings held by the Prajuru LPD to discuss the conditions and progress of the LPDs. These findings are consistent with Sastra & Erawati (2017), who found a significant positive impact of transparency on financial performance, and with research by Mansour et al. (2022) and Latrini & Budiasih (2023), which underscore the beneficial effects of good corporate governance, including transparency, on financial performance.

Based on Table 5, the accountability variable's regression coefficient is positively signed and the significance value is 0.000, less than 0.05. This indicates that accountability significantly enhances the financial performance of Lembaga Perkreditan Desa (LPD) in Karangasem Regency. A higher implementation of accountability measures correlates with improved financial performance, whereas lower accountability levels may detract from it. This application of accountability principles demonstrates adherence to Stewardship Theory, as most LPDs in Karangasem Regency are well-aligned with their vision, mission, operational goals, and responsibilities. Comprehensive documentation of financial reports and transaction evidence, coupled with regular audits, supports this observation. These findings concur with the research by Suputra & Hendrayanti (2020), which attests to the positive impact of accountability on financial performance. Similar results by Jayantari & Gorda (2020), Zelalem et al. (2022), and Temba et al. (2023)



corroborate that robust corporate governance practices significantly boost LPD financial outcomes.

Regarding the responsibility variable, Table 5 shows a significance value of 0.010, also below the 0.05 threshold, with a positive regression coefficient. This suggests that higher responsibility in LPD management significantly fosters financial performance, while a lack thereof hampers it. Responsibility practices, under the umbrella of Stewardship Theory, include adherence to applicable laws and regulations, attention to the welfare of the Krama Desa and the environment, making decisions according to established systems and procedures, and maintaining professionalism in management roles. These actions collectively contribute to continuous financial improvements. This finding aligns with research by Supartini & Putra (2022) from Ubud District, indicating a positive impact of responsibility on financial performance. Furthermore, studies by Mansour et al. (2022) and Nasrallah & El Khoury (2021) show that effective corporate governance significantly enhances financial performance, validating the observed effects of responsibility in this study.

Based on Table 5, the significance value of the independence variable is 0.032, less than the threshold of 0.05, indicating a significant positive relationship with the financial performance of Lembaga Perkreditan Desa (LPD) in Karangasem Regency. The positive regression coefficient suggests that higher levels of independence in LPD operations can enhance financial performance, whereas lower independence levels may hinder it. Effective implementation of independence, as advocated by Stewardship Theory, involves objective decision-making by Prajuru LPD free from external conflicts of interest. This autonomy helps improve LPD's financial outcomes. Research by Sari & Putra (2021) supports this finding, demonstrating a positive impact of independence on financial performance. This is further corroborated by Kafidipe et al. (2021) and Temba et al. (2023), who found a significant link between corporate governance and financial performance.

Similarly, the significance value for the fairness variable is 0.036, indicating a positive and significant impact on LPD's financial performance. The positive regression coefficient reveals that higher implementation of fairness by LPDs leads to better financial performance, while lower fairness levels might degrade it. Effective fairness implementation, as per Stewardship Theory, involves equitable treatment across all organizational activities, ensuring justice and equality in interactions with stakeholders. This approach not only fosters a positive internal environment but also enhances external perceptions of the LPD, thereby improving its financial performance. These results align with the findings of Dewi & Wirasedana (2018), which confirmed the positive effect of fairness, a component of good corporate governance, on financial outcomes. Additionally, research by Nugraha & Suryanawa (2021) and Nasrallah & El Khoury (2021) also supports the positive correlation between comprehensive corporate governance practices and improved financial performance.

Table 5 reveals that the significance value for the organizational commitment variable is 0.015, which is below the 0.05 threshold, indicating a significant positive impact on the financial performance of Lembaga Perkreditan Desa (LPD) in Karangasem Regency. A positive regression coefficient suggests

that higher levels of organizational commitment can enhance financial performance, while lower levels may detract from it. Effective organizational commitment involves dedication and alignment of individual goals with organizational objectives, which is crucial for improving financial outcomes in LPD. This application aligns with Agency Theory, emphasizing emotional employee involvement, loyalty based on investment, and a strong sense of responsibility towards the organization. These findings corroborate research by Dewi & Wirasedana (2018), which demonstrated a significant positive impact of organizational commitment on financial performance in Abiansemal District. Additionally, studies by Naghshbandi et al. (2017) and Nugraha & Suryanawa (2021) also support this positive relationship between organizational commitment and financial performance.

Similarly, the significance value for the Tri Hita Karana Culture variable is 0.009, well below the 0.05 criterion, showing a significant positive influence on LPD's financial performance in Karangasem Regency. The positive regression coefficient indicates that enhanced implementation of Tri Hita Karana Culture can improve financial performance, whereas inadequate application may impair it. Effective application of Tri Hita Karana Culture involves fostering a harmonious relationship among Parahyangan, Pawongan, and Palemahan, which significantly boosts LPD's financial performance. This practice is supported by Agency Theory, which often highlights conflicts between managers' actions and organizational goals that can lead to agency problems. Implementing Tri Hita Karana Culture helps mitigate these issues by promoting balanced interactions among the three elements of THK. These results are consistent with the findings of Prawira & Rasmini (2020) and further supported by research from Sari & Putra (2021) and Nugraha & Suryanawa (2021), which found that Tri Hita Karana Culture has a significant positive effect on financial performance.

## CONCLUSIONS

This study concludes that the principles of transparency, accountability, responsibility, independence, fairness, organizational commitment, and Tri Hita Karana culture positively influence the financial performance of Lembaga Perkreditan Desa (LPD) in Karangasem Regency. It is demonstrated that enhancements in the application of these governance and cultural attributes correlate with improved financial performance within LPDs. Future research could extend these findings by exploring different districts and employing various sampling techniques, such as proportionate stratified random sampling using the Slovin formula or saturated sample techniques. Additionally, future studies might consider alternative financial performance metrics such as Return on Assets (ROA) and explore the CAMEL model's five aspects. Researchers are also encouraged to expand the research scope by varying sampling criteria and incorporating moderation or mediation variables, such as awig-awig, to further investigate the effects of Good Corporate Governance (GCG), organizational commitment, and Tri Hita Karana culture on financial performance.

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