THE EFFECT OF TRI HITA KARANA CULTURE ON FINANCIAL PERFORMANCE IN VILLAGE CREDIT INSTITUTIONS (LPD) IN BADUNG DISTRICT

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Abstract

In Bali, the Village Credit Institution (LPD) has emerged as a noteworthy microfinance institution, characterized by its unique ownership structure tied to traditional village institutions. This institution’s legitimacy is anchored in Governor of Bali Decree Number 3 of 2017, bolstered by the implementing regulations outlined in Governor of Bali Regulation No. 44 of 2017. The primary objective of this study is to investigate the impact of the Tri Hita Karana culture on the financial performance of Village Credit Institutions (LPDs) in Badung Regency. The Tri Hita Karana culture is assessed using subvariables encompassing Parahyangan, Pawongan, and Palemahan elements. The financial performance of LPDs is gauged using the Return On Asset (ROA) ratio. Data collection was conducted through cross-sectional surveys employing a Likert scale, with the Village Credit Institutions (LPDs) in Badung Regency as the unit of analysis. The study involved 55 respondents, specifically the heads of LPDs, selected using Proportional Random Sampling. Path analysis was employed as the method for hypothesis testing. The findings of this research underscore the positive and statistically significant influence of the Tri Hita Karana culture, encompassing its subvariables of Parahyangan, Pawongan, and Palemahan, on the financial performance of Village Credit Institutions (LPDs) in Badung Regency. As a result, it is strongly recommended that LPD leadership actively promotes and integrates the Tri Hita Karana culture into their operations, serving as a guiding principle for LPD managers. This cultural emphasis is poised to enhance the overall financial performance of LPDs, thus fostering sustainable development and empowerment within the local community.

Keywords: Financial Performance, Tri Hita Karana, Village credit institutions
I. INTRODUCTION

One of the on-bank microfinance institutions really unique in Indonesia was the Village Credit Institution (Lembaga Perkreditan Desa /LPD) which exist in Bali possessed by institution of desa adat with support economic development and cultural preservation as the main purpose. Operational LPD on practices based on value ceremony that emphasizes the alignment of the human relations with the god between man and man with the environment.

Empowerment of Village Credit Institutions (LPD) is a key government program in Bali province aimed at enhancing the welfare of society. The establishment of Village Credit Institutions (LPD) is rooted in the Decree of the Governor of Bali Number 972 of 1984, issued on November 1, 1984, which outlines the formation of these institutions within the Province of Bali. In the capacity of overseeing LPD operations at the provincial level, the Economic Bureau has been designated as the Project Leader. Additionally, the Technical Supervisor is appointed by the Bali Regional Development Bank. This structured approach ensures the effective implementation and development of Village Credit Institutions in the region.

The existence of LPDs in Badung Regency currently tends to experience less encouraging developments as evidenced by the average financial performance in 2020 which has decreased. Although in general the components of the Supervisory Board, Management and the community as supporters of the LPD have been running well, they still need to be improved. The success of an LPD cannot be separated from the role of all parties, including the Government, BKS, Regency, District, and Technical Guidance Teams. by LPLPD and BPD as well as village manners as owners both in operational implementation as well as in the facilities and infrastructure needed to support the people's economy.

According to the data from Badung Regency’s LPLPD in (2021), as of the end of 2020, there were a total of 122 LPD units recorded, with combine assets amounting to Rp. 7,218,580,087,000 and a profit of Rp. 75,974,785,000. The local government of Badung Regency has generally been successful in managing LPDs, but the challenges and threats of LPDs in the future are getting bigger and more complex. LPD performance has not been as expected as evidenced by the increase in the number of inactive LPDs and the number of profits tends to decrease. Judging from the health performance of LPDs, it also decreased, namely in 2016, LPDs with the healthy category of 77.78% decreased to 47.83% in 2020. Meanwhile, bad loans have increased every year.

LPDs are required to achieve better performance, so as to increase public trust. LPDs must be managed more professionally, supported by quality human resources, to be able to compete both among microfinance institutions and with other businesses. LPDs have almost the same characteristics of activities between LPDs as one another. Theory of action and job performance asserts that financial performance is determined by individual abilities or skills, roles and environment. The interaction between ability, environment and individual roles, in this case the LPD manager, has an effect on financial performance (Salleh et al., 2010).

Related to research at LPD that harmonious values are local cultures that shape national culture in Indonesia, it is tried to see its implementation in an effort to encourage better company financial performance as a differentiator from previous studies. The values of harmony are reflected in the philosophy of Tri Hita Karana including, parayangan (harmonious relationship between humans and God), pawongan (harmonious relationships between humans), and...
palemahan (harmonious relationships between humans and the environment), Windia, 2007.

Tri Hita Karana philosophy is basically a universal philosophy which is essentially adopted and adopted by other communities even though they are not Hindus. However, it is precisely in Bali that there is a social system that actually and consciously applies this philosophy and is very relevant to business/business activities, Arif (1999; in Windia dan Dewi; 2007)

Parhyangan is one dimension of the THK philosophy which emphasizes that prosperity is achieved when the realization of a harmonious relationship between humans and God their creator (Surpha, 2004; Wiana, 2004; Ashrama, 2005). Business activities are an offering so that they do not escape God's control (Windia and Dewi, 2007). Companies in realizing harmony with God must cultivate a sense of devotion and believe that God exists and has created all of us. This is realized through several real activities in the company such as construction of places of worship within the company, financing for Umrah, financing for pilgrimages, darmayatra (religious trips), and others (Wiana, 2007).

The pawongan dimension is the existence of a harmonious relationship between fellow human beings (Surpha, 2004; Wiana, 2004; Ashrama, 2005). In a business context it is necessary to build a harmonious relationship between employees, between employees and company management, and between company management and society such as labor unions and sekeha-sekehad in addition, the company maintains harmonious relations with the community through poverty alleviation programs, utilizing local workers, and conducting skills training (Ashrama, 2005).

Palemahan is the last dimension that relates to the physical aspects of the environment around us or the company (Surpha, 2004; Wiana, 2004; Ashrama, 2005). Companies in Bali have used local culture that is rooted in religion in the practice of organizational culture. Riana's research (2010) on silver crafts IKM in Bali found that local cultural values summarized in Tri Hita Karana's culture have a significant effect on the company's financial performance. and the philosophy of Tri Hita Karana can be said to have been able to adopt the differences that occur in the company towards mutual respect for one another. This condition is very useful for maintaining a harmonious relationship between LPD managers and the creators, owners, customers, communities, and government so that agency conflicts can be avoided. Through this program, customers and all stakeholders will feel the benefits of the LPD's existence so they will be embarrassed if they do not fulfill their obligations. This will certainly reduce the NPL because in addition to having a good relationship with the managers, problematic customers will be announced at the banjar level so that all villages will know. In addition, the worst thing is that if you do not heed the customary rules used in LPD operations, someone will receive customary sanctions.

Previous research was mostly conducted on large companies in several countries in the world by adopting national cultural values as organizational culture. This study used local cultural variables, namely the Tri Hita Karana culture which has harmonious values. The Tri Hita Karana culture emphasizes the need to foster harmonious relationships between fellow human beings (pawongan) which is derived from the religious concept of twamasi (love) with the local culture of mutual honing, compassion, and nurturing as well as the religious concept of rwa bhineda (recognizing and respecting differences). If the principal understands and applies well the concepts of culture and religion above, then he will hire agents in a
humane manner, reward their competence with adequate compensation, and be accompanied by a worthy award along with their achievements (Dwirandra, 2011).

The *Tri Hita Karana* culture also emphasizes the need to develop the relationship between humans and nature or the environment (*palemahan*) in various forms of application of religious concepts of religion and local culture, such as growth and isolation in the hope that humans are more environmentally friendly. If this concept is understood by principals and agents, it will be easy to carry out company programs, such as social responsibility, environmental conservation, conservation, and other activities. The last *Tri Hita Karana* culture emphasizes the need to develop a harmonious relationship between humans and their creator God (*parhyangan*). Religious and cultural concepts are related to this philosophy, such as belief in the omnipotence and existence of God, the law of *kharmaphala* (law of actions and results), *Tri Kaya Parisudha* (three main behaviors: think, say, and do good). If this is understood and applied, it will encourage the creation of humans who always obey His commands and stay away from His prohibitions. Principals, agents, and customers who have a harmonious relationship with God tend to be honest, more fair, and try not to cheat.

The three dimensions of *Tri Hira Karana* are basically attached to the values of organizational culture that have been developed by several experts in this world. The parhyangan dimension is analogous to basic assumptions (Schein, 2004) and sub-value systems (Koentjaraningrat, 2005) and is a behavior that tends to be difficult to change because it contains invisible values (Kotter & Heskett, 1997; Denison, 1992). Through the application of culture and religion related to the concept of a harmonious relationship with God (*parhyangan*) such as the belief in the law of action, that is, if you do good you will be accepted as good as well as if you do bad, you will receive bad. Based on the description above, it is interesting to examine the influence of the application of *Tri Hita Karana* culture on the financial performance of the Village Credit Institutions in Badung Regency.

Based on this, the research objectives can be made as follows:

1. Knowing the influence of *Parahyangan* on financial performance at the Village Credit Institution (LPD) in Badung Regency.
2. Knowing the influence of *Pawongan* on financial performance at the Village Credit Institution (LPD) in Badung Regency.
3. Knowing the influence of *Palemahan* on financial performance at the Village Credit Institution (LPD) in Badung Regency.

**II. METHODS**

This study uses a quantitative approach so that it is categorized as a quantitative type of research. Quantitative research methods can also be interpreted as research methods based on the philosophy of positivism, used to examine certain populations or samples, data collection using research instruments, quantitative/statistical data analysis, with the aim of testing the established hypothesis (Sugiyono, 2013).

In quantitative research, basically using a deductive approach, where this approach departs from a theoretical framework, ideas of experts, as well as the understanding of researchers based on their experiences, then developed into problems and their proposed solutions to obtain justification (verification) or assessment in the form of data support. empirical.

The data used in this study are primary data and secondary data. Primary source data are data sources that directly provide data to data collectors and secondary
sources are sources that do not directly provide data to data collectors, for example through other people or documents (Sugiyono, 2013).

So in this study, primary data was obtained from were all heads of LPDs in Badung Regency by distributing questionnaires to respondents who could represent the population. While the secondary data obtained in the following way:

1. Observing, namely collecting data by making direct observations of the object under study, especially in all village credit institutions (LPD) in the Tabanan Regency area.

2. Documentary, which is a secondary data collection technique available to the company concerned, in this case all village credit institutions (LPD) in the Tabanan Regency area by looking at their relationship to the research topic. This data includes the history of village credit institutions (LPD), the number of village credit institutions (LPD) and other data related to the object of research.

Research Locations, Population and Sample

This study selected objects at the Village Credit Institution (LPD) in Badung Regency spread over 6 sub-districts as many as 122 LPD units with 1,371 employees with the object of LPD managers. The LPD in Badung Regency was chosen as the research location because: has a fairly rapid asset growth rate compared to other microfinance institutions.

The population in this study were all heads of LPDs in Badung Regency. The method of sampling using Proportional Random Sampling. The total population of this study was 122 people. Based on the data above, using the Slovin formula, the sample size can be calculated as follows:

\[ n = \frac{122}{1 + 122(0.1)^2} = 54.95 \approx 55 \text{ Orang} \]

The population size (N) is 122 with the percentage of allowance for inaccuracy due to a tolerable or desirable sampling error (e) is 0.1. Through calculations using the Slovin formula, the number of samples that will be used in this study is 55 samples. The respondents in this study were 55 heads of LPDs in Badung Regency.

Variable Identification

1. The independent variable (independent) is a variable that affects other variables or variables that are not influenced by other variables. The independent variable in this study is Tri Hita Karana (X1).

2. The dependent variable (dependent) is a variable that is influenced by other variables and does not affect other variables. The dependent variable in this study is financial performance (Y).
Research paradigm

Test of Validity and Test of Reliability

Testing the level of validity of the instrument in this study used the Pearson Product-Moment Correlation Coefficient analysis technique (Husein, 2013). The results of this calculation will be compared with the critical value in the t-value table with a significance level of 5% and the number of samples available. If the calculation result of the product moment correlation is greater than the critical value, then this instrument is said to be valid. On the other hand, if the item score is less than the critical value, then this instrument is declared invalid.

The reliability of an instrument that shows the level of instrument reliability in revealing reliable data (Suharsini-Arikunto, 2010). Reliability test is used to test whether the instrument used is reliable or vice versa. Reliability test is a test to see how far the measuring instrument can be trusted and reliable. Before this research was conducted, the questionnaire had to be tested using validity and reliability tests on 30 people using the critical number table, the value of r significance was 5% with N-2 = 30-2 = 28, so r = 0.374 and the Cronbach Alpha reliability number was above 0.7 then we get:

<table>
<thead>
<tr>
<th>Variable</th>
<th>Subvariable</th>
<th>Statement Questionnaire</th>
<th>Corrected Item-Total Correlation</th>
<th>Cronbach’s Alpha if Item Deleted</th>
<th>Criteria</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tri Hita Karana</td>
<td>Parahyangan</td>
<td>X1.1.1</td>
<td>0.583</td>
<td></td>
<td>Valid</td>
</tr>
<tr>
<td></td>
<td></td>
<td>X1.1.2</td>
<td>0.598</td>
<td></td>
<td>Valid</td>
</tr>
<tr>
<td></td>
<td></td>
<td>X1.1.3</td>
<td>0.518</td>
<td></td>
<td>Valid</td>
</tr>
<tr>
<td></td>
<td></td>
<td>X1.1.4</td>
<td>0.652</td>
<td></td>
<td>Valid</td>
</tr>
<tr>
<td></td>
<td></td>
<td>X1.1.5</td>
<td>0.583</td>
<td></td>
<td>Valid</td>
</tr>
<tr>
<td></td>
<td>Pawongan</td>
<td>X1.2.1</td>
<td>0.552</td>
<td></td>
<td>Valid</td>
</tr>
<tr>
<td></td>
<td></td>
<td>X1.2.2</td>
<td>0.532</td>
<td></td>
<td>Valid</td>
</tr>
<tr>
<td></td>
<td></td>
<td>X1.2.3</td>
<td>0.574</td>
<td></td>
<td>Valid</td>
</tr>
<tr>
<td></td>
<td></td>
<td>X1.2.4</td>
<td>0.538</td>
<td>0.872</td>
<td>Valid</td>
</tr>
<tr>
<td></td>
<td></td>
<td>X1.2.5</td>
<td>0.553</td>
<td></td>
<td>Valid</td>
</tr>
<tr>
<td></td>
<td>Palemahan</td>
<td>X1.3.1</td>
<td>0.513</td>
<td></td>
<td>Valid</td>
</tr>
<tr>
<td></td>
<td></td>
<td>X1.3.2</td>
<td>0.526</td>
<td></td>
<td>Valid</td>
</tr>
<tr>
<td></td>
<td></td>
<td>X1.3.3</td>
<td>0.542</td>
<td></td>
<td>Valid</td>
</tr>
<tr>
<td></td>
<td></td>
<td>X1.3.4</td>
<td>0.573</td>
<td></td>
<td>Valid</td>
</tr>
<tr>
<td></td>
<td></td>
<td>X1.3.5</td>
<td>0.583</td>
<td></td>
<td>Valid</td>
</tr>
</tbody>
</table>

Source: Data Processing, 2021
Table 2. Validity and Reliability Test on Financial Performance Statements

<table>
<thead>
<tr>
<th>Variable</th>
<th>Dimension</th>
<th>Statement Questionnaire</th>
<th>Corrected Item-Total Correlation</th>
<th>Cronbach's Alpha if Item Deleted</th>
<th>Criteria</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial performance</td>
<td>ROA</td>
<td>Y.1.1</td>
<td>0.553</td>
<td>0.856</td>
<td>Valid</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Y.1.2</td>
<td>0.539</td>
<td></td>
<td>Valid</td>
</tr>
</tbody>
</table>

Source: Data Processing, 2021

By Table 1 and 2 which show the value of the validity test and reliability test for the Tri Hita Karana cultural variables and financial performance. From the two tables, it can be seen that all the statement items on the questionnaire, both the Tri Hita Karana culture and financial performance in the validity test show the value of Corrected Item-Total Correlation on value 0.374. For the reliability test in the two tables above, it shows that the value of Cronbach's Alpha if Item Deleted is above 0.7. The conclusion that can be drawn from the table above is that the questionnaire used in this study is valid and reliable.

**Classic assumption test**

a. Normality test

The normality test aims to test whether in the regression model, the confounding or residual variables have a normal distribution (Ghozali, 2012). A good regression model is one that has a normal distribution or is close to normal. The method used is the Kolmogorov-Smirnov test. The criteria used in this test is to compare the level of significance obtained with the level of alpha used, where the data is said to be normally distributed if \( \text{asympt. Sig (2-tailed) } > \alpha \) (\( \alpha = 0.05 \)). The result of the calculation is obtained the value of \( \text{asympt. Sig (2-tailed) } 0.853 \) is greater than 0.05. This states that the data distribution meets the criteria for a normal distribution.

b. Test Heteroscedasticity

The heteroscedasticity test aims to test the regression model whether there is an inequality of variance from the residuals of one observation to another observation (Ghozali, 2012). If the variance of the residual from one observation to another observation remains, it is called homoscedasticity but if it is different it is called heteroscedasticity. A good regression should not occur heteroscedasticity symptoms. One way to test the presence or absence of heteroscedasticity symptoms is using test glacier. The basis for making decisions in this glajser test are:

1. If the value of sig. greater than 0.05 or 5% then there is no symptom of heteroscedasticity
2. On the other hand, if the value of sig. less than 0.05 or 5% then heteroscedasticity symptoms occur

Based on the calculation, it is obtained the value of sig. of 0.657 so that the relationship between variables does not occur heteroscedasticity.

c. Linearity Test

One of the assumptions that must be met before conducting path analysis is linearity test. The linearity test aims to test the data that is connected, whether it is in the form of a linear line or not (Riduwan, 2011). The linearity test aims to ensure that the relationship between variable X and variable Y is linear, quadratic or in a higher degree.
It means whether the X and Y lines form a straight line or not, if it is not linear then the regression analysis cannot be continued.

The graph above shows the distribution of data from the bottom left to the top right and follows a diagonal line which shows that the data distribution has a linear relationship.

d. Multicollinearity Test

The multicollinearity test has the aim of testing whether a regression model has a correlation between independent variable (Ghozali, 2012). Multicollinearity testing is seen from the amount of VIF (Variance Inflation Factor) and tolerance. Tolerance measures the selected independent variables that are not explained by other independent variables. So a low tolerance value is the same as a high VIF value (because VIF = 1/tolerance). The cutoff value commonly used to indicate the presence of multicollinearity is the tolerance value > 0.01 or the same as the VIF value < 10. Based on the data processing, the VIF value = 8.645 and Tolerance = 0.116, so there is no multicollinearity.

III. DATA ANALYSIS TECHNIQUE

By using the path coefficient formula below it can be calculated:

$$PYxin = \frac{\sum_{h=1}^{n} X_{ih}^2}{\sum_{h=1}^{n} y_h^2}; \quad i = 1, 2, 3.$$ 

Then the overall effect of X1.1 to X1.3:

$$R^2 y_1x_{1n}.....x_{3n} = \sum_{i=1}^{3} Pyi . rx_{x_i}$$

$$= 0.955595.55\%$$

While the value of the path coefficient of other variables outside the variables X1 to X3 is determined through:

$$Pyi . \varepsilon = \sqrt{1 - R^2 y_{1n}......x_{kn}}$$

$$= 0.04454.45\%$$

Based on the hypothesis, that there is a positive influence between the subvariable Parahyangan (X1.1), Pawongan (X1.2), Palemahan (X1.3), On the financial performance of the Village Credit Institution (LPD) in Badung Regency, the overall hypothesis test is carried out in the following form:
Ho : \( PYX1.n = PYX1.2 = \ldots = PYX1.3 = 0 \)

H1 : at least one \( PYXi.n \neq 0 \)

Test statistics used:

\[
F = \frac{(n - k - 1) \sum_{i=1}^{k} pyx_{in} \cdot ryx_{in}}{k \left( 1 - \sum_{i=1}^{k} pyx_{in} \cdot ryx_{in} \right)}
\]

\[= 143.54\]

Based on the table \( F - \text{Snedecor} \) obtained \( F_{\alpha; k \cdot (n - k - 1)} = 3.18 \). Because \( F > F_{\alpha; k \cdot (n - k - 1)} \), then Ho is rejected. Means simultaneously subvariable of \( Tri \ Hita \ Karana \) culture effect on financial performance. These results indicate that the test can be continued on the partial test with the following hypothesis:

Ho : \( PYXi.n \leq 0 \)

H1 : \( PYXi.n > 0 \)

The test statistics used are:

\[
t_{rxy} = \frac{F_{rxy}}{\sqrt{\left( \frac{1 - R^2_{yx,1n}}{n - k - 1} \right) CR_{ij}}}
\]

Thus the \( t \) test \( (1 - \alpha); (n - k - 1) = t 0.95; 52 = 1.67469 \). Because \( t \) count > \( t (1 - \alpha); (n - k - 1) \) then Ho is rejected. The results of these calculations can be seen in Table 3 as follows:

<table>
<thead>
<tr>
<th>No</th>
<th>Hypothesis</th>
<th>( t ) count</th>
<th>( t ) table</th>
<th>Statistical Conclusion</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>&quot;Parahyangan&quot; has a positive and significant direct effect on financial performance</td>
<td>2.17253</td>
<td>1.67469</td>
<td>Ho is rejected, there is a positive and significant direct effect between X1.1 and Y</td>
</tr>
<tr>
<td>2</td>
<td>&quot;Pawongan&quot; positive and significant direct influence on financial performance</td>
<td>3.45736</td>
<td>1.67469</td>
<td>Ho is rejected, there is a positive and significant direct effect between X1.2 and Y</td>
</tr>
<tr>
<td>3</td>
<td>&quot;Palemahan&quot; has a positive and significant direct effect on financial performance</td>
<td>2.36452</td>
<td>1.67469</td>
<td>Ho is rejected, there is a positive and significant direct effect between X1.3 and Y</td>
</tr>
</tbody>
</table>

The subvariables between variables X1.1 to X1.3 are as follows:

Table 4: Effect "Parahyangan" on Financial Performance

<table>
<thead>
<tr>
<th>X1.1</th>
<th>PY(X1.1)</th>
<th>The magnitude of the influence</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>PY(X1.1) = PY(X1.1.X1.2) = PYX1.1rX1.1X1.2PYX1.2</td>
<td></td>
</tr>
<tr>
<td>Via X1.2 to Y</td>
<td>PY(X1.1.X1.3) = PYX1.1rX1.1X1.3</td>
<td></td>
</tr>
<tr>
<td></td>
<td>1.3PYX1.3</td>
<td>0.093683</td>
</tr>
<tr>
<td>Via X1.3 to Y</td>
<td>Total Effect from X1.1 to Y</td>
<td>0.331392</td>
</tr>
</tbody>
</table>

Source: Interval Data Process
In Table 4, it can be seen that the direct and indirect influence between the Parahyangan aspects on the financial performance of the LPD is 33.14%. This means that the ups and downs of the implementation of the Parahyangan aspect will cause the ups and downs of financial performance in the Village Credit Institution (LPD) in Badung Regency. The Parhyangan aspect is carried out on the basis of dharma as the basis of business activities and work is sacrifice and devotion (Yajna and Ngayah). Dharma is the values, norms and rules that come from religious teachings as well as from the consensus and agreement of humans themselves, where dharma itself is the basis for all human activities. Dharma in this case guarantees legal certainty and order for human activities in the process of achieving goals. Without Dharma, there will be chaos in various human activities in achieving life's goals. This is where the importance of the strategy of Dharma, because Dharma always guides mankind to the right path in the sense of not lying, being honest, trustworthy in words and not betraying.

Table 5 The Effect of Pawongan on Financial Performance

<table>
<thead>
<tr>
<th>Direct and Indirect Effects of X 1.2</th>
<th>The magnitude of the influence</th>
</tr>
</thead>
<tbody>
<tr>
<td>X1.2 PY(X1.2)</td>
<td>0.076736</td>
</tr>
<tr>
<td>PY(X1.2X1.1) =</td>
<td></td>
</tr>
<tr>
<td>Via X1.1 to Y PYX1.2rX1.2X1.1PYX1.1</td>
<td>0.175325</td>
</tr>
<tr>
<td>PY(X1.2X1.3) =</td>
<td></td>
</tr>
<tr>
<td>Via X1.3 to Y PY.X1.2rX1.2X1.3PYX1.3</td>
<td>0.127348</td>
</tr>
<tr>
<td>Total Effect from X1.2 to Y</td>
<td>0.379409</td>
</tr>
</tbody>
</table>

Source: Interval Data Process

Based on Table 5, the direct and indirect influence of the Pawongan aspect on financial performance shows 37.94%. This means that the ups and downs of the pawongan aspect interpreted with the concept of applying the work ethic of Hindus which is reflected through an attitude of initiative, creativity, hard work, respect for time, harmonious cooperation, satya discourse, and ethical frugal living. Work ethic can also be interpreted as a work spirit that is the hallmark and belief of a person or group, capable of effect the financial performance of the Village Credit Institution (LPD) in Badung Regency by 37.94%. The biggest influence of the Tri Hita Karana culture on financial performance is the Pawongan aspect. The Pawongan aspect is one aspect of the Tri Hita Karana culture which teaches that human activity must lead to the creation of human relationships with others, meaning that all world activities, including business management, must be based on what God wants, such as honing, fostering, loving each other at work. In business activities, in order to maintain a harmonious attitude of cooperation among fellow believers, the concept of tat twamasi can be applied. If we hold fast to these aspects, it is certain that the business we are engaged in will create sustainability in the long term.
Table 6 The Effect of Palemahan on Financial Performance

<table>
<thead>
<tr>
<th>Direct and Indirect Effects of X1.3</th>
<th>The magnitude of the influence</th>
</tr>
</thead>
<tbody>
<tr>
<td>X1.3 ( PY(X1.1) ) ( PY(X1.3X1.2) = )</td>
<td>0.023643</td>
</tr>
<tr>
<td>Via X1.2 to Y ( PYX1.3rX1.3X1.2PYX1.2 )</td>
<td>0.127348</td>
</tr>
<tr>
<td>Via X1.1 to Y ( PYX1.3rX1.3X1.1PYX1.1 )</td>
<td>0.093683</td>
</tr>
<tr>
<td>Total Effect from X1.3 to Y</td>
<td>0.244674</td>
</tr>
</tbody>
</table>

Source: Interval Data Process

The magnitude of the influence of the Palemahan aspect on the complete financial performance can be seen in Table 6. The Palemahan aspect can be in the form of an environmentally friendly management attitude. The magnitude of the influence of the Palemahan aspect on the financial performance of the Village Credit Institutions (LPD) in Badung Regency, either directly or indirectly by 24.47%. The synergy of harmonious relations between humans and the environment is believed to be a source of happiness and prosperity for humans. Humans can not escape from the various influences of the natural surroundings, and vice versa humans can also affect the natural surroundings. This means that there is a reciprocal relationship between the two, so that the relationship is able to create a functional relationship. The situation that arises from this reciprocal relationship is meant by the harmony of the relationship between humans and their natural surroundings. To obtain human welfare, it is required to preserve the environment in the form of building, maintaining and securing the environment as a manifestation of the weak element.

IV. CONCLUSION

Based on the results of the discussion, it can be concluded:

1. *Parahyangan* positive and significant effect on the financial performance of the Village Credit Institution (LPD) in Badung Regency.
2. *Pawongan* has a positive and significant effect on the financial performance of the Village Credit Institution (LPD) in Badung Regency.
3. *Palemahan* has a positive and significant effect on the financial performance of the Village Credit Institution (LPD) in Badung Regency.

**Suggestion**

Based on the conclusions above, it can be suggested that the Village Credit Institution (LPD) in Badung Regency can improve financial performance by choosing the Tri Hita Karana cultural subvariable that has the most influence, namely the Pawongan aspect. The pawongan aspect or harmonious relationship between humans and other humans is interpreted with the concept of applying the Hindu work ethic which is reflected through an attitude of initiative, creativity, hard work, respect for time, harmonious cooperation, satya discourse, and ethical frugal living. In business activities, in order to maintain a harmonious attitude of cooperation among fellow believers, the concept of tat twamasi can be

**REFERENCE**


