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The Influence of Good Corporate Governance, Corporate Social Responsibility, and Financial Literacy Principles on the Financial Performance of Village Credit Institutions in the Negara District of Jembrana

Komang Ayu Nadya Suhita Lestari[1], Etty Puji Lestari[2], Sri Astuty[3]
Indonesia Open University, South Tangerang, Banten, Indonesia[1,2]
Makassar University, Makassar, South Sulawesi, Indonesia[3]
Correspondence email: nadyalestari82@gmail.com

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ABSTRACT

This research aims to analyze the influence of good corporate governance, corporate social responsibility, and financial literacy on financial performance in Village Credit Institutions in Negara District, Jembrana Regency. There are 3 independent variables and 1 dependent variable. GCG, CSR, and financial literacy variables are included in the dependent variables and the financial performance variables are included in the dependent variable. To answer the problem formulation, quantitative analysis was used using an instrument in the form of a questionnaire. In this research, the SPSS 25 application was used to analyze these variables. Based on the result of the analysis, it can be concluded that: 1. GCG variables partially have a significant effect on financial performance (0.017<0.05) 2. The CSR variable partially has a significant effect on financial performance (0.000<0.05) 3. The financial literacy variable partially does not have a significant effect on financial performance (0.338 > 0.05) 4. GCG, CSR and financial literacy variables simultaneously influence financial performance (0.000<0.05).

Keywords: CSR; GCG; Financial Literacy; Financial Performance; Village Credit Institution

INTRODUCTION

March 2, 2020, is the day when Coronavirus Disease 2019 (Covid-19) first entered Indonesia. At that time, two people were confirmed to have been exposed to Covid-19 where the virus was transmitted by a Japanese citizen. On April 9, 2020, the Covid-19 pandemic had spread to 34 provinces in Indonesia with East Java, DKI Jakarta and South Sulawesi as the provinces most exposed. This causes people's mobility to be disrupted and has an impact on the Indonesian economy.

The impact of the COVID-19 pandemic on the MSME sector is highly significant for the Indonesian denomination as their contribution to the Indonesian economy is very large in various fields (Sumampouw, 2022). Micro, Small and Medium Enterprises (MSMEs), which are also the lifeblood of the regional and national economy, have also been affected by the Covid-19 pandemic (Pakpahan, 2020). Indonesia is one of the priorities for developing Micro and Small and Medium Enterprises (MSMEs) in national economic development. In its development, MSMEs are the backbone of the people's economic system which is not only aimed at reducing income problems, gaps between groups and between business actors, as well as poverty alleviation and employment. This makes its development capable of expanding economic business and can make a significant contribution in accelerating structural change, namely increasing national and regional economic resilience. MSMEs are creative businesses that have various business fields in the Indonesian economy.

In particular, 163,713 MSMEs were affected by the pandemic (Candraningsih et al., 2023). The Indonesian Ministry of Cooperatives and MSMEs also stated that around 37,000 MSMEs complained that the pandemic had greatly affected the businesses they were running, 56 percent of which were related to falling sales, 22 percent had financing problems, 15 percent had problems with distributing goods, and the remaining 4 percent reported difficulties in obtaining raw materials. The impact of this pandemic is also visible in the decline in the performance of MSMEs, both financial and non-financial performance (Candraningsih et al., 2023).

The average decline in MSME sales was 61%, 2) Business profit aspect. The average decrease in operating profit was 61%, 3) Capital aspect. The number of MSMEs experiencing capital problems increased to 71.4%, 4) Aspect of the number of employees. In this aspect, MSMEs have reduced the number of employees by 22%, and 5) Aspects of the ability to pay bank installments. Apart from that, almost all MSME actors (especially micro business actors) experience problems in carrying out their obligations to banks.

The difficulties that occur in MSMEs in Bali certainly make MSME managers think about how to survive and find the potential to gain profits in the midst of a pandemic. This is in accordance with the theory of planned behavior (theory of planned behavior) where the theory of planned behavior connects beliefs, attitudes, intentions and behavior where a person can make judgments based on completely different reasons. different (not always based on will) and an important concept in this theory is focus of attention (salience), namely considering something that is considered important. Will (intention) is determined by subjective norm attitudes (Imawati, 2020). Apart from that, planned behavior theory (TPB) or the theory of planned behavior is a theoretical derivative of reasoned action theory (TRA) which states that subjective norms and behavior are the result of the intention to carry out certain actions (Hasan & Suciarto, 2020). Constraints faced by SMEs, among others, such as capital, production delays, difficulty obtaining raw materials and a decrease in the number of customers (Pradana et al., 2023). In relation to this pandemic situation, it is possible for MSME managers to make considerations that are different from their wishes or previous plans just to be able to maintain their business in the midst of a pandemic, for example, if the MSME manager wants to add branches to their business but because of the pandemic, the plan is postponed until the pandemic is over. At this point, the MSMEs should seriously start learning how to rearrange their business strategies to survive (Sumarlinah et al., 2022).

The formation of considerations that are not in line with the wishes of MSME managers and management is also supported by service theory (stewardship theory) where stewardship theory is a theory that describes a situation where managers are not motivated by individual goals but are more aimed at their main target results for organizational interests, and stewards try to achieve their organizational goals (Eksandy et al., 2023) In addition, stewardship theory assumes that there is greater utility in cooperative behavior than in individualistic behavior so that management will increase the competence of their human resources in making internal control effective and creating a good and strong organizational culture and supported by organizational commitment to produce good governance results (Pristara, 2012) In this case, MSME management cannot impose their will to achieve what they personally hope considering that the uncertain pandemic has a risk on the preparation of plans, especially long-term plans so that the company's interests are the main interest, for example the company can continue to run in the middle of pandemic.

Another thing that MSMEs should consider to maintain their company well is to consider the concept of good corporate governance which is a system, process and set of regulations that regulate the relationship between various interested parties, especially in the narrow sense, the relationship between shareholders, the board of commissioners and the board of directors for the sake of achieving organizational goals (Hariyati et al., 2023) and according to Zulaeha et al (2023), good corporate governance, allows to: 1) Reduce agency costs, namely costs that must be borne by shareholders as a result of delegating authority to management. These costs can be in the form of losses suffered by the company as a result of abuse of authority (wrong-doing), or in the form of monitoring costs incurred to prevent this from happening. 2) Reducing the cost of capital, namely as a result of poor company management. Both of these cause the interest rate on funds or resources borrowed by the company to become smaller as the company's risk level decreases. 3) Increasing the value of company shares can also improve the company's image to the wider public in the long term. 4) Creating support from stakeholders (interested parties) within the company regarding the existence and various strategies and policies pursued by the company, because generally they receive a guarantee that they also get maximum benefits from all the company's actions and operations in creating prosperity and prosperity. Apart from that, this concept is based on stewardship theory which views management as trustworthy to perform as well as possible for the interests of the public and stakeholders (Kaban & Safitry, 2020). So it can be concluded that to achieve success in a company, the company must have good performance that leads to the public interest and organizational goals.

Banking institutions are one of the drivers of a country's economy, because they have an intermediation function or as intermediaries between parties who have excess funds (surplus units) and parties who lack funds (deficit units). As intermediary institutions between parties who have excess funds and parties who requires funds, a bank with healthy financial performance is needed, so that the intermediation function can run smoothly (Setiawan et al., 2021) One of the banking companies located in the Bali Province area is the Village Credit Institution or abbreviated as LPD.

The Village Credit Institution (LPD) is a financial institution that functions to manage financial resources belonging to Pakraman Village. According to Bali Provincial Regulation Number 4 of 2012 LPD is one of the institutional elements of Pakraman Village which carries out the financial function of Pakraman Village to manage the financial potential of Pakraman Village. LPDs have the same function as other financial institutions, namely, collecting funds from the community in the form of savings and then channeling the funds back to the community in the form of credit. However, LPD tends to be more focused on helping the Pekraman village community financially within the LPD environment and providing services to people who come from outside Pakraman village. It is known that a good LPD can be seen from its ability to make a profit.

LPD is tasked with managing Pekraman Village's financial resources in the form of savings and loans. It is used to help finance community life activities, such as individual growth and religious worship. LPD was established to help businesses in villages, provide employment opportunities for local villagers, and make it easier for people to earn salaries. LPD is expected to be able to help the community in eliminating poverty. According to Bali Provincial Regulation Number 8 of 2002 concerning Village Credit Institutions regarding LPD, namely Village-Owned Enterprises that carry out business activities in the Village environment and for the Village Community.

LPD is a financial institution located in Pakraman Village. It is owned by the village and operated by the villagers. LPD is a government agency that helps traditional village residents living in villages in Bali Province. This is important because traditional village residents are people who know the customary laws and customs that are important to them. Without LPD, these laws and customs may not be properly enforced. Some LPDs are successful in carrying out their functions and objectives, but not all. The existence of LPD is able to provide enormous economic benefits by Desa Pakraman in relation to the function of maintaining and developing culture (Yuliastuti & Tandio, 2020).Jembrana Regency had the lowest total loans and other financial assets in the Bali Province Village Credit Institution Empowerment Agency in 2017. This means that Jembrana Regency has little money to help the community get loans or other financial assistance. The existence of this LPD depends on the total number of traditional villages in Bali, namely 64 Pakraman villages.

The existence of LPD follows the number of traditional villages in Bali. Negara District is a development area in the central part of Jembrana Regency which has potential in the fields of agriculture, small industry and households. As a socio-economic buffer area, it will definitely impact changes both physically and socio-economically, to anticipate progress and negative influences resulting from the consequences of the development process, it is necessary to have regional tools and institutions through the development of institutions that constitute local wisdom. which will later be expected to become capital to face all the changes that occur.

As we know, Indonesia has experienced the Covid pandemic which has resulted in a decline in people's economic growth, as has the performance of financial institutions. The impact of the pandemic was also felt by several LPDs in Bali. LPDs in Bali Province experienced a decline in assets from 2019 to 2022, as well as recorded profit growth decreasing. Based on the news (Bali Politika), in 2020 many LPDs in Bali Province experienced bankruptcy cases. This condition is thought to be due to the Covid-19 pandemic, many LPDs' financial performance has decreased. For this reason, LPDs that are experiencing the impact of the Covid-19 pandemic must know the causes of the decline in LPD financial performance and make efforts to survive in any conditions.

Financial performance is a work achievement that has been achieved by company in a certain period and stated in the financial statements company. Financial performance can be measured using several ratio approaches finances, including liquidity, profitability and productive assets (Dewi & Dwijaputri, 2014). LPD financial performance analysis can be carried out through Liquidity Ratio analysis consisting of LDR (Loan to Deposit Ratio). LPD can be classified according to the criteria of healthy, quite healthy, unhealthy and unhealthy.

Financial reports are a benchmark for measuring how good a company's performance is. Company performance is a description of the financial condition of a company which is analyzed using financial analysis tools, so that it can be known about the good and bad financial condition of a company which reflects work performance in a certain period. Measuring financial performance in a company is carried out to find out whether the results achieved are in accordance with planning. Increasing the company's financial performance means the company can achieve the goals for which the company was founded. Thus, this research aims to analyze the influence of good corporate governance on financial performance in Village Credit Institutions in Negara District, Jembrana Regency, analyze the influence of corporate social responsibility on financial performance in Village Credit Institutions in Negara District, Jembrana Regency and analyze the influence of financial literacy on Financial Performance in Village Credit Institution in Negara District, Jembrana Regency.

LITERATURE REVIEW

Financial performance tells us how well a company is doing and can be used by people to decide whether it is a good company to do business with (Hartoyo et al., 2023). Financial reports show how well the company performs financially. The indicator used by banks to measure their financial performance is profitability. A company's profitability is usually calculated by dividing its profits by its total liabilities. These include debt ratios, activity ratios, and liquidity ratios. Profitability ratios are a way to measure a company's success by looking at how much money they make compared to the money they invest. "ROA" is an abbreviation of "Return On Assets". These are financial ratios that help measure how profitable a company is. ROA can tell you how well the profits from the assets used are generated. ROA measures how well a company uses its assets to generate income. The higher the ROA value, the better the company's performance.

Based on BUMN Ministerial Regulation Number PER-01/MBU/2011 Good Corporate Governance (GCG) is the principles that underlie a company management process and mechanism based on statutory regulations and business ethics. GCG is a management procedure in terms of controlling and directing a company's activities (Chaarani, 2014). Implementing GCG helps reduce the possibility of conflict between various parts of the company, as this is usually caused by existing principles. These principles help maintain good relations between a company and its various stakeholders and ensure that everyone's rights are respected. GCG is implemented to create an efficient, transparent, and consistent market in accordance with statutory regulations. To achieve the company's goals, the GCG principles contained in the company will be able to maximize performance and provide trust from stakeholders and managers (Hindistari & Putri, 2016).

Organizations must implement the principles of Good Corporate Governance to maintain their status as legitimate business entities. This is enforced by the National Governance Policy Committee which has issued general guidelines for good corporate governance. It includes requirements for all organizations whose shares are traded on the exchange, as well as state-owned companies, regional companies, companies that collect and manage public funds, and companies that have a broad impact on the environment. Good corporate governance means that a company follows rules that keep it organized and running smoothly. This means that the company can make money while complying with laws and regulations. The principles of good corporate governance include transparency, accountability, responsibility, independence, fairness, and equality.

All companies in Indonesia must implement the principles of Good Corporate Governance. This means that companies are responsible for setting up systems that ensure they act ethically and fairly, and that their actions benefit all their stakeholders. Companies that apply the principles of Good Corporate Governance are banking companies or commonly called banks.

GCG principles are a set of five principles that help ensure that everyone involved in a situation is transparent, accountable, responsible, independent and as fair as possible. These five principles help us make better decisions. If the management of a company is good, then this will show that the company's responsibilities have been fulfilled (Rambo, 2013). Several problems that occurred at LPD were caused by violations of GCG principles.

One of the GCG principles that is violated is the principle of accountability, which means that the LPD cannot be held accountable for its performance fairly and transparently (Gupta et al., 2020). The principle of independence has been violated because the person responsible for the decision has a conflict of interest and is influenced by other people. This stewardship theory will help companies implement GCG principles, which will help create a healthy corporate governance system. This is because according to stewardship theory, management always tries to do the best for the company and the business environment, which is known as the goal of global corporate governance.

In this study, the agent (LPD) is responsible for managing village manners (villagers). The LPD administrators have more information than anyone in Pakraman Village. GCG will help LPD to achieve its goals, which will help customers' trust in LPD (Setyawan & Putri, 2013). The banking world has to do more than just make money. They must also look after people and the planet. In addition to the things required by law, there are other things we must do, but we choose to do them ourselves. This is called “responsibility,” and it includes things we shouldn't have to do but choose to do anyway. Companies are responsible for behaving ethically, operating legally, and contributing to society. This includes doing what is best for employees, their families, local communities, and the wider world (Rahman, 2009). This also indicates that the role of financial literacy is very important to increase the sense of corporate responsibility. In research conducted by Lusardi (2019), his research stated that it was known that financial literacy affected the performance and sustainability of MSMEs. In his research he said that there is a big challenge for creative MSMEs in having more knowledge related to financial literacy. According to Riyadi and Arsanti (2018), financial literacy is the ability to understand, analyze and manage finances in order to make good decisions to avoid financial problems. Financial literacy can also influence a person's allocation of finances to savings and investments (Bhegawati & Utama, 2020).

Furthermore, research conducted by Nur Hamidah et al (2020) entitled The Effect Of Financial Literacy, Fintech (Financial Technology) and Intellectual Capital On The Performance Of MSMEs In Depok City, West Java showed that the effect of financial literacy on performance was obtained. which is positive and significant. This concludes that when financial literacy can be improved, the performance of MSMEs will also increase.

The company's concern for the community means becoming increasingly involved in the community and working together to improve the quality of life for everyone in the area. This is what encourages LPDs in Bali to carry out various programs or activities related to their social environment, for example Bank Indonesia which has the theme of Corporate Social Responsibility (CSR). The program is reflected in the slogan: BI Communicate – Ecosystem, Small Medium Enterprise, and Education for People. If a bank does good things, such as helping people in need, it will build good public relations and make more money. Also, it will save money by not having to spend money on marketing.

CSR is a form of social responsibility of a company towards the surrounding environment and society, where the company carries out its business activities. This responsibility is carried out by the company over the long term and with CSR carried out by a company it will also improve the welfare of society. On the other hand, CSR will also have a positive impact on companies to survive and increase profitability. If one day the company experiences problems, the community will become the company's main stronghold.

Examples of forms of responsibility vary, starting from carrying out activities that can improve community welfare and improve the environment, providing scholarships for underprivileged children, providing funds for maintaining public facilities, donating to villages or community facilities that are social and useful for the community at large, especially the community around which the company is located. Corporate Social Responsibility (CSR) is a corporate strategy phenomenon that accommodates the needs and interests of its stakeholders.

In general, GCG is a relationship between all interested parties in a business that has been regulated and organized. The aim is to defend the rights of all stakeholders (Shanikat & Abbadi, 2011). GCG was developed to ensure that investors get a return on their investment (Iu & Batten, 2014). Every company is required to make improvements and evaluate its performance on an ongoing basis so that the continuity of the company is well maintained. Therefore, GCG principles must be implemented by LPDs to reduce conflicts of interest between LPD managers as agents and owners, namely village manners, and between LPD managers and creditors, namely the Bali Regional Development Bank, as well as maintaining good relations and guaranteeing the fulfillment of the rights of interested parties. the function and objectives of the LPD itself (Setyawan & Putri, 2013). To realize this, it is necessary to have rules and mechanisms to maximize company performance by implementing GCG in the company.

According to Lusardi (2019), financial performance is said to be good when the overall assessment of financial aspects is deemed healthy. The health level of LPDs is basically assessed using a quantitative approach based on four factors, namely: 1) capital, 2) strength of productive assets (assets), 3) profitability (earnings), and 4) liquidity (liquidity). Financial performance is one of the measuring tools used by users of financial reports to measure or determine the extent of a company's quality. The performance of a company can be seen from the company's financial reports. From these financial reports, the financial condition of the results achieved by the company during a certain period can be seen (Dewi & Dwijaputri, 2014).

The application of GCG principles in LPD management is very important, because it will directly provide clear direction for LPD to enable responsible decision making and enable better LPD management, so as to improve LPD performance (Dewi & Dwijaputri, 2014). GCG principles consist of transparency, accountability, responsibility, independence and fairness. According to Dominikus in Dhyana and Asri (2020), the implementation of corporate governance does not only depend on existing principles and regulations, but also depends on the integrity and liquidity of existing human resources. Work ethics and culture, as well as professional work principles, play an important role in implementing good corporate governance.

RESEARCH METHOD

The research design is prepared and used as a reference in collecting and evaluating data (Indriantoro & Supomo, 2011). The basis of this research is classified as quantitative research, namely research that focuses on testing several theories through measuring several variables through number calculations. The type of research used in this research is causality research. Causality research can be called research that seeks explanations and provides concrete answers in the form of cause-effect relationships between independent variables and dependent variables (Sugiyono, 2019). This research is used to describe the cause-and-effect relationship described in the research variables so that a conclusion can be drawn.

The independent variables in this research are GCG, CSR, and liquidity while the dependent variable is financial performance. Through the variables that have been determined, the research instruments and respondents that can be used can be determined. After determining the instrument and respondents, the next step is to collect them by distributing questionnaires. Next, the data that has been collected will go through a processing and analysis process. The data that has been analyzed will be discussed and interpreted until finally the data can be concluded. In this research, the SPSS 25 application was used to analyze these variables.

Hypothesis testing is a statistical science that is used to test the statistical truth of a statement so that it can draw a conclusion whether the resulting answer accepts or rejects the statement. Apart from that, hypothesis testing is also carried out to determine the accuracy of the methods and analytical tools used to test data and draw appropriate conclusions. The hypotension that has been formulated must then be tested. This research uses simple regression analysis so that to test the hypothesis in this research using the t test (partial test) with the following hypothesis (Ghozali, 2006):
Ha: There is an influence between GCG on the financial performance of LPDs in Negara sub-districts.
Ho: There is no influence between GCG on the financial performance of LPDs in Negara sub-districts.
Ha: There is an influence between CSR on the financial performance of LPDs in Negara sub-districts.
Ho: There is no influence between CSR on the financial performance of LPDs in Negara sub-districts.
Ha: There is an influence between financial literacy and financial performance in LPDs in Negara sub-districts.
Ho: There is no influence between financial literacy on financial performance in LPDs in Negara sub-district.

RESULTS

Hypothesis testing used in this research uses simultaneous tests, partial tests and coefficient of determination tests (R2).

Test Simultaneously

This test is carried out to find out whether the independent variables together explain the dependent variable. F test analysis is carried out by comparing Fcount and Ftable. However, before comparing the F value, the level of confidence (1-α) and degree of freedom =n-(k+1) must be determined so that the critical value can be determined. The Alpha value used in this research is 0.05. The F test results can be seen in the following table.

Tabel 1. F test results

F Change	df1	df2	***Sig. F Change***
34.010	3	72	***0.000***

Based on the results in table 4.1, it is known that the Sig value is 0.000 < 0.05, which means H0 is rejected and Ha is accepted. This shows that the variables Financial Literacy, GCG and CSR together have a significant effect on LPD Financial Performance

Partial Test

After it is known that there is an influence between the independent variables on the dependent variable together, the next step is to carry out a statistical t test to find out whether the independent variables partially have a significant effect on the dependent variable. This test is carried out by comparing t count with t table with a significance level of 5% and degree of freedom (df) = n–k. Where if t count > t table, then the hypothesis is accepted, in other words the individual independent variables have a significant influence on dependent variable. Conversely, if tcount<t table then the hypothesis is rejected. Following are the results of the T Test

Tabel 2. T test results

Variabel	Sig Value
GCG	0,017
CSR	0,000
Financial Literacy	0,338

Based on the T Test results above, it can be concluded that GCG variables partially have a positive and significant influence on Financial Performance (0.017<0.05). Second, the CSR variable partially has a positive and significant influence on Financial Performance (0.000<0.05) and last, the Financial Literacy variable partially has a positive and insignificant influence on Financial Performance (0.338 > 0.05)

Coefficient of Determination Test (R2)

The Coefficient of Determination (R2) is a coefficient used to see how much the independent variables (raw materials, labor and machines) can explain the dependent variable (production). The recapitulation of the coefficient of determination test results can be seen in the following table:

Tabel 3. Coefficient of determination test results

Model	R	R Square	Adjusted R Square
1	.766[a]	0.586	0.569

Based on the results in table 3, it can be explained that the R value is 0.586. This means that the correlation between variable X (Financial Literacy, GCG and CSR) and variable Y (Financial Performance) is 0.586. This means that there is a relationship that is not very close between variable. This shows that together the variables Financial Literacy, GCG and CSR have a significant influence on Financial Performance, namely 56.9%.

Meanwhile, the remaining 11.8% was influenced by other variables not examined in this research.

DISCUSSION

The financial literacy, GCG and CSR variables are included in the dependent variables and the financial performance variables are included in the dependent variable. To answer the problem formulation, quantitative analysis was used using an instrument in the form of a questionnaire. Based on the results of the T Test, it can be concluded that the financial literacy variable is partially not significant to financial performance (0.338 > 0.05). This deviates from the framework of thinking proposed by researchers, where previously it was stated that the higher the level of financial literacy means that a company has the ability to pay off its short-term obligations on time, so that a company's financial performance will be better in the eyes of investors. Financial literacy is a company's ability to manage finances with the aim of meeting its financial obligations in the short term with available current funds. The results of this research are in accordance with (Naufal & Purwanto, 2022) where based on the survey results it can be concluded that financial literacy does not contribute to business performance and business sustainability of MSMEs in Jember Regency. However, performance still shows an impact on business continuity.

Furthermore, the GCG variable partially has significance to financial performance (0.017<0.05) and the CSR variable partially has significance to financial performance (0.000<0.05). This is in accordance with the researcher's frame of mind where the implementation of good corporate governance in LPD is very important to build the trust of the Pekraman Village community in using its function as a financial institution. Consistent implementation of good corporate governance will strengthen LPD's competitive position, maximize LPD value, manage resources and risks more efficiently and effectively, which will ultimately strengthen stakeholder trust, so that the company can operate and grow sustainably in the long term. A company's performance can be determined from the extent of its seriousness in implementing good corporate governance. Likewise, the existence of social and environmental responsibility that must be implemented by the LPD will help improve financial performance. This can be done through implementing Corporate Social Responsibility (CSR) in LPD. The results of this research are also in line with research by Kaharudin et al. (2023) where the results of statistical tests prove that Corporate Social Responsibility (CSR) has a positive and significant influence on company performance as proxied by Net Profit Margin (NPM) where the t value is 2.308 > the t table value 2.017 and a significance value of 0.026 <0.05. The results of the coefficient of determination test (r2) show that the magnitude of the influence of Corporate Social Responsibility on company performance is proxied by return on assets of 1.3% and the remaining 98.7% is influenced by other factors. And the coefficient of determination test (r2) shows that the magnitude of the influence of Corporate Social Responsibility on Company performance as proxied by Net Profit Margin is 11.3% and the remaining 88.7% is influenced by other factors. Praningrum and Mardiati (2013) also obtained the same results where the research results showed that Good Corporate Governance had a positive effect on the company's financial performance as measured by Return On Assets (ROA) and Return On Equity (ROE). Then we obtain the regression line equation $Y = -1.012 + 0.223\ X1 + 0.525\ X2 + 0.085$ This shows that the GCG, CSR and financial literacy variables together have a positive and significant influence on financial performance in LPD.

CONCLUSION

The aim of this research is to analyze the influence of good corporate governance, corporate social responsibility and financial literacy on the financial performance of Village Credit Institutions in Negara District, Jembrana Regency. Based on the research results, it can be concluded that the Good Corporate Governance (GCG) variables partially have a positive and significant influence on Financial Performance (0.017<0.05) and the Corporate Social Responsibility (CSR) variables partially have a positive and significant influence on Financial Performance (0.000<0.05), and Financial Literacy partially has an insignificant positive effect on Financial Performance (0.338 > 0.05).

LPD can implement good corporate governance which is a factor influencing financial performance. Implementing GCG can realize organizational performance, minimize risks and create public trust in investing which influences LPD's financial performance. Therefore, implementing GCG in LPD operations is very important in improving financial performance. The CSR variable partially has a positive and significant effect on financial performance so that with the implementation of Corporate Social Responsibility (CSR), public trust in LPD will increase so that it can improve financial performance in LPD. Accurate CSR implementation over a long period of time will increase public confidence in the existence of LPD. This can increase LPD profits.

The financial literacy variable partially has a positive and insignificant influence on financial performance because financial literacy is based on the village community's understanding of finance based on their level of education so that with the LPD's current financial performance, financial literacy does not have a significant influence. The variables GCG, CSR and financial literacy simultaneously influence financial performance because with the combination of these three factors LPD financial performance can be maximized considering that good implementation of CSR and GCG will optimize public trust coupled with adequate financial literacy so that it can also produce good financial management.

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DECLARATION OF CONFLICTING INTERESTS
I am hereby do this study by myself and I am responsible for any things happened in the future.

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