The Effect of Good Corporate Governance on the Performance of Village Credit Institutions in Blahbatuh Sub District

Tripayana Gusti Ngurah[1*], *Yuesti* Anik[1], and *Shinta Dewi* Ni Putu[1]
[1]Faculty of Economics and Business, Universitas Mahasaraswati Denpasar, Denpasar, Indonesia

Abstract. Given the important role of the LPD, which functions to receive public savings in the form of savings and deposits and distribute it back with credit to the community, so that the LPD profits can be used for the welfare of the village community, the LPD must be able to maintain performance so that the LPD needs to apply the principles of Good Corporate Governance. The principles of Good Corporate Governance can be interpreted as a process used by companies to improve the quality of company performance. This study aims to re examine the influence of the variables of transparency, accountability, responsibility, independence, and fairness on the performance of the Village Credit Institution (LPD). The number of samples used in this study were 76 respondents. Determination of the sample using purposive sampling method. The analytical tool used is multiple linear regression analysis. The results showed that the variables of transparency, accountability, and responsibility had a positive effect on the performance of the Village Credit Institution in Blahbatuh District, while independence and fairness had no significant effect on the performance of the Village Credit Institution in Blahbatuh District.

Keywords: Good Corporate Governance (GCG) and Village Credit Institutions (LPD)

1 Introduction

The LPD in Bali is an institution belonging to a traditional village that functions as a forum for the wealth of traditional villages that carries out the function of economic empowerment for rural communities in Bali. The purpose of establishing an LPD in Bali is to help people in the Bali Province to develop their economic activities. LPD is a village owned financial institution that has developed, providing social, economic and cultural benefits to its members. So that it needs to be fostered, improved performance and can be strengthened and preserved its existence. Hence, principles *good corporate governance*is very necessary in the institution in order to improve its performance. Based on the description above, the authors are interested in further researching the effect of good corporate governance on the performance of the Village Credit Institution (LPD) in Blahbatuh District.

Based on the description on the background of the problem above, problems in the research can be formulated as follows: does transparency, accountability, responsibility, independence and fairness affect the performance of the Village Credit Institution (LPD) in Blahbatuh District?

2 Literature review and hypothesis

2.1 Good corporate governance

There are several understandings about the notion of good corporate governance issued by several parties, both in a narrow perspective (shareholder) and a broad perspective (stakeholders). But generally towards the same meaning and purpose. According to [1], corporate governance appears in organizations because of agency problems or conflicts of interest involving organizational members. According to the Forum for Corporate Governance in Indonesia (FCGI), corporate governance is defined as a set of regulations governing the relationship between shareholders, creditors, government, employees and other internal and external stakeholders with regard to their rights and obligations to regulate and control the company.

Good Corporate Governance Principles

1. Transparency (*transparency*)
   To maintain objectivity in conducting business, companies must provide relevant information in a way that is easily accessible and understood by stakeholders. Companies must take the initiative to disclose not only the problems that are implied by laws and regulations, but also matters that are important for making decisions by shareholders, creditors and other stakeholders.
2. Accountability (*accountability*)
   The company must be able to account for its performance in a transparent and fair manner. Therefore company must be managed properly, measured, and in accordance with the interests of the company while taking into account the interests of shareholders and other stakeholders. Accountability is precondition necessary to achieve sustainable performance.
3. Responsibility
   Companies must comply with statutory regulations as well doing responsibility towards society and the environment so that business sustainability can be maintained in the long term and get recognition as *mood corporate citizen*.
4. Independence (independency)
   To facilitate the implementation of good corporate governance, the company must be managed independently so that each employee of the company does not dominate each other intervened by the other party.
5. Fairness and equality (fairness)
   In carrying out its activities, the company must always pay attention to the interests of shareholders and other stakeholders based on the principles of fairness and equality.

Goals and Benefits of Good Corporate Governance

The implementation of the Good Corporate Governance system is expected to increase added value for all interested parties (stakeholders) through the following objectives:

1. Improve the efficiency, effectiveness and sustainability of an organization that contributes to the creation of the welfare of shareholders, employees and other stakeholders and is an elegant solution in facing future organizational challenges.
2. Increasing the legitimacy of organizations that are managed openly, fairly, and can be accounted for.
3. Recognizing and protecting the rights and obligations of all *shareholder* and stakeholders.

According to the forum for Corporate governance in Indonesia (FCGI) by implementing corporate governance, there are several benefits that can be obtained, including:

1. Improve company performance through the creation of better decision making, increase operational efficiency, and further improve service to stakeholders.
2. Make it easier to obtain cheaper financing funds.
3. Restoring investor confidence to invest in Indonesia.
4. Shareholders will feel satisfied with the company's performance because at the same time it will increase shareholder value and *dividend*.

Good Corporate Governance Implementation Factors

1. External Factors

What is meant by external factors are several factors originating from outside the company that greatly affect the success of the implementation of Good Corporate Governance (GCG). Among them:

a) There is a good system so that it can guarantee its validity supremacy consistent and effective law.
b) Support for the implementation of GCG from the public sector / government agencies is expected to also implement good corporate governance and cleanliness *government governance* which is actually.
c) There are examples of proper GCG implementation (best practices) that can become the standard for effective and professional GCG implementation. In other words, a kind of benchmark (reference).
d) The development of a social value system that supports the implementation of GCG in the community. This is important because through this system it is hoped that the active participation of various circles of society will arise to support the application and socialization of GCG voluntarily.
e) Another thing that is no less important as a prerequisite for the successful implementation of GCG, especially in Indonesia, is the anti corruption spirit that develops in the public environment where companies operate accompanied by improvements in education quality problems and expansion of job opportunities. It can even be said that the improvement of the public environment greatly affects the quality and score of the company in implementing GCG.

2. Internal factors

The purpose of internal factors is to drive the successful implementation of GCG practices from within the company. Some of these factors include:

a) There is a corporate culture that supports the implementation of GCG in the company's management work mechanism and system.
b) Various regulations and policies issued by the company refer to the implementation of GCG values.
c) Control management risk the company is also based on the principles of GCG standards.
d) There is an effective audit (inspection) system in the company to avoid any irregularities that might occur.

e) There is information disclosure for the public to be able to understand every move and step of management in the company so that the public can understand and follow every step of the development and dynamics of the company from time to time.

2.2 Definition of performance and performance appraisal

The company as an organization has certain objectives that show what it wants to do to fulfill the desires of its members. To assess whether the goals that have been set have been achieved, it is not easy to do because it involves management aspects that must be considered. One way to find out whether a company in carrying out its operations is in accordance with a predetermined plan and in accordance with its objectives is to know the company's performance. Has the performance been carrying out its duties properly and in accordance with company regulations or not [2]. The mission and vision contained in the strategic planning of a company [3]. According to [4], performance is continuous monitoring and reporting of program completion,

Performance appraisal is an informal effort carried out by management to evaluate the results of activities that have been carried out and compared with predetermined standards. The company performance appraisal aims to determine the company's operational effectiveness. Company performance can be assessed through various indicators or variables to measure the success of the company, generally focusing on performance information derived from financial reports. These financial reports are useful for helping investors, creditors, potential investors and other users in making investment decisions, credit decisions, stock analysis and determining the prospects of a company in the future. Company performance appraisal is carried out aimed at motivating employees to achieve organizational goals and in knowing the standards of behavior previously set in order to achieve good company goals. Through performance appraisal, companies can choose a strategy and financial structure [5].

2.3 Village credit institutions (LPD)

In accordance with the Bali Regional Regulation No.2 of 1988, it is stated in article 4 that the objectives of the Village Credit Institution to be established are:

1. Encouraging economic development of rural communities through targeted savings and effective distribution of working capital.
2. Eradicate the practice of bonded labor, illegal pawning, and other similarities in the countryside.
3. Creating equity and business opportunities for villagers and rural workers.
4. Increase purchasing power or payment traffic and circulation of money in the village.

The LPD function is established according to the Bali level 1 Regional Regulation Number 2 of 1988 states in article 3 that:

1. LPD is a village institution that is an operational unit and functions as a container for village wealth in the form of money or other securities.
2. LPD utilization is directed at businesses enhancement standard of living of village manners to support development.

Meanwhile, for the achievement of the objectives mentioned above, the business sectors that are carried out as stated in the Bali Regional Regulation Number 2 of 1988 are:

1. Receive /collect funds from village krama in the form of savings and deposits.
2. Provide loans for activities that are productive in the agricultural sector, industry/small scale handicrafts, trade and other businesses deemed necessary.
3. Other efforts that are village mobilization.
4. Equity participation in other elements.
5. Receive loans from financial institutions.

2.4 The effect of transparency on the performance

This means that transparency of all information must be applied by the Village Credit Institution (LPD) to provide trust to stakeholders. Openness and ease of access to information are expected to improve the performance of the Village Credit Institution (LPD). The better the principle of transparency is applied, the better it will increase. the performance of the Village Credit Institution (LPD). Transparency is thought to be one of the factors that influence the performance of the Village Credit Institution (LPD). Previous research conducted by [6] stated that there is a positive influence between transparency on the performance of the Village Credit Institution (LPD) in Badung Regency. Research conducted by Sastra and Erawati(2017) also found that transparency has a positive effect on the financial performance of the Village Credit Institution in North Badung Regency.
H1: Transparency has a positive effect on the performance of the village credit institution (LPD) in Blahbatuh District.

2.5 The effect of accountability on the performance

Accountability is the clarity of functions, structure, systems and responsibilities of company elements. One of the prerequisites for achieving sustainable performance is to be accountable for its performance in a correct, measurable manner, while still taking into account the interests of managers and stakeholders it will be an added value to improve company performance (Zarkasyi, 2008: 39). Accountability is the creation of an effective supervisory system based on a balance of power sharing between the board of commissioners, of directors, shareholders, and auditors (Iman and Amin, 2012: 7). The better the principle of accountability is applied, the higher the performance of the Village Credit Institution (LPD). According to Putri and Putra (2017), there is a positive influence between accountability on the performance of the Village Credit Institution. Research conducted by Yasa and Putri (2017) states that there is a positive influence between accountability on the financial performance of Village Credit Institutions (LPD) in Denpasar City. Based on the description above, the second hypothesis developed in this study is:
H2: Accountability has a positive effect on the performance of village credit institutions (LPD) in Blahbatuh District.

2.6 The effect of responsibility on the performance

Zarkasyi (2008: 40) states that responsibility contains an element of compliance with society and the environment. Responsibility is needed in order to ensure long-term business continuity and recognition as a good corporate citizen or known as a good corporate citizen. The better the principle of responsibility is applied, then increasing performance of Village Credit Institutions (LPD). Responsibility is suspected to be one of the principles of good

corporate governance which also affects the performance of the Village Credit Institution (LPD). Sawitri and Ramantha (2018) found that there is a positive influence between responsibility and the performance of Rural Banks in Denpasar City. Research conducted by Andrean and Wirajaya (2018) states that the principle of responsibility has a positive effect on the performance of Village Credit Institutions in Klungkung Regency. Based on the description above, the third hypothesis developed in this study is:
H3: Responsibility has a positive effect on the performance of the village credit institution (LPD) in Blahbatuh District.

2.7 The effect of independence on the performance

Independence is a condition where the company is managed professionally without any interest and influence or pressure from any party that is not in accordance with the applicable laws and regulations and sound corporate principles (Suci, 2013). Decisions taken by management must be independent, which in this case means that management decisions are not bound by any party without exception. Objectivity in decision making can improve LPD performance because management is free from the interests of harmful parties. Independence is also one of the principles of good corporate governance which is thought to affect the performance of Village Credit Institutions (LPD). According to research by Yasa and Putri (2017), the principle of independence has a positive effect on the financial performance of Village Credit Institutions in Denpasar City. Research conducted by Andrean and Wirajaya (2018) states that independence has a positive effect on the financial performance of Village Credit Institutions (LPD) in the Regency. Klungkung. Based on the description above, the fourth hypothesis developed in this study is:
H4: Independence has a positive effect on the performance of the village credit institution (LPD) in Blahbatuh District.

2.8 The effect of fairness on the performance

Bukhori (2012) states that companies always pay attention to the interests of stakeholders based on equal treatment and on reasonable benefits. Fairness can be interpreted as fairness and equality of the company in meeting the interests of stakeholders arising from agreements and laws in force. The company must always pay attention to the rights of stakeholders based on the principles of fairness and equality as a priority in order to improve the company's performance towards a better direction.

Fairness has a positive effect on the performance of the Village Credit Institution (LPD) in North Badung Regency [6]. Research conducted by Paramita (2018) states that the principle of fairness has a positive effect on the performance of The Atanaya Hotel Bali. Based on the description above, the fifth hypothesis developed in this study is:
H5: Fairness has a positive effect on the performance of the village credit institution (LPD) in Blahbatuh District.

3. Research methods

3.1 Research sites

This research is located at the Village Credit Institution in Blahbatuh District, Gianyar Regency

3.2 Object of research

The object of this research is the principles of good corporate governance which consist of transparency, accountability, responsibility, independency and fairness as well as the performance of the Village Credit Institution (LPD) in Blahbatuh District.

3.3 Variable identification

3.3.1 Independent variable

The independent variable is a variable that is affect orbe the cause of changes or the emergence of independent variables (Sugiyono, 2018: 39). The independent variables in this study are:

TRA : Transparency
AKT : Accountability
RES : Responsibility
IND : Independency
KWJ : Fairness

3.3.2 Dependent variable

The dependent variable is a variable that affects or is the result of the independent variable (Sugiyono, 2018: 39). The dependent variable in this study is the performance of the Village Credit Institution (LPD) in Blahbatuh District.

3.4 Population and sample determination method

Population is an area of generalization consisting of objects or subjects that have an impact certain qualities and characteristics determined by researchers to be studied then draw conclusions (Sugiyono, 2018: 80). The population studied was 29 LPDs in Blahbatuh District.

The sample is part of the total characteristics of the population (Sugiyono, 2018: 116). The sample collection method used in this research is purposive sampling. Positive sampling is a sampling technique with certain considerations. The sample criteria in this study are:

1. All LPDs in Blahbatuh District
2. LPD which is still actively operating

Based on the criteria used in sampling is presented in Table 3.1

Table 3.1 Determination of Research Samples

No.	Criteria	amount
1	The total number of LPDs in the District Blahbatuh	36
2	The number of inactive LPDs	(7)
3	**The sample LPD**	**29**

Respondents selected in this study were 87 people consisting of 29 LPD heads, 29 LPD supervisors, and 29 LPD customers in Blahbatuh District.

3.5 Data analysis technique

The data analysis method used in this study used multiple linear regression analysis to obtain a comprehensive picture of the influence of the variables of transparency, accountability, responsibility, independence, fairness on performance using the SPSS program.

3.6 Instrument testing

The data analysis test begins with testing the research instrument, namely by testing the validity and reliability of the instrument, considering that the questionnaire is an important instrument in this study, a valid and reliable instrument is an absolute requirement to obtain relevant research results. According to Sugiyono (2018: 102) research instruments is a tool used to measure observed natural and social phenomena.

1. Validity test
   The validity test is used to measure whether or not a validity is valid questionnaire. Something questionnaire declared valid if the question is in questionnaire able to express something to be measured by questionnaire (Ghozali, 2016: 52). To measure the validity of this research, it was conducted withcorrelation bivariate between each indicator score with the total construct score (Correlation *Coefficients Pearson*) through the SPSS program (*Statistical Product and Service Solution*). If the correlation between each indicator to the total construct score shows significant results, it can be concluded that each question indicator is valid (Ghozali, 2016: 54). If the correlation of the factor score with the total score is positive and the amount is 0.3, then the factor is a strong construct and it can be concluded that the instrument has good construction validity.
2. Reliability Test
   Reliability is a tool to measure a questionnaire which is an indicator of a variable or construct question said to be reliable or reliable if someone's answer to a question is consistent or stable over time (Ghozali, 2016: 47). To measure reliability, the cronbach Alpha (α) statistical test is used. Nunnally (1994) in Ghozali (2016: 48) states that a construct or variable is said to be reliable if it provides a Cronbach Alpha value > 0.07.

3.7 Descriptive analysis

Descriptive statistics provide an overview or description of data seen from the average value (mean), standard deviation, variant, maximum, minimum sum, range, kurtosis and skewness (Ghozali, 2016).

3.8 Multiple linear regression analysis

This study uses multiple linear regression analysis techniques tested with a significance level of 0.05. Multiple regression analysis is used to find out or obtain a description of the effect of independent variables on the dependent variable (Sugiyono, 2018: 272). This multiple linear regression model is formulated as follows:

$KNJ = \alpha + \beta 1TRA + \beta 2AKT + \beta 3RES + \beta 4IND + \beta 5KEW + e$

Information :
KNJ : financial performance
α : constant
β : regression coefficient
TRA : Transparency
AKT : Accountability
RES : Responsibility
IND : Independency
KEW : Fairness
e. : error level or error level

3.9 Classic assumption test

The purpose and objective of testing the classic assumption deviation is to find out whether the regression model obtained experiences deviations from the classical assumption or not. If the regression model obtained has deviated from one of the classical assumptions proposed, the regression equation obtained is not efficient for generalizing the results of the study in the form of a sample to the population due to bias, which means that the research results are not merely the influence of careful variables but there are other confounding factors that contributed to it. In this study, the classical assumption test used was the normality test, multicollinearity test, and heteroscedasticity test.

1. Normality test

The normality test aims to test whether in the regression model, confounding or residual variables have normal retribution. There are two ways to detect whether the residuals are normally distributed or not, namely by graph analysis and statistical analysis (Ghozali, 2016: 154). The method used to determine the normality of the regression model is one sample *Kolmogorov-Smirnov Test*. The data distribution is declared normal if the significance value of One Sample*Kolmogorov-Smirnov Test*> 0.05 and vice versa.

2. Test Multicollinearity

The multicollinearity test aims to determine whether the regression model found a correlation between independent variables (independent). A good regression model should not have a correlation. Among independent variable. To determine whether there is or not multicollinearity then it can seenof tolerance or variance inflation factor (VIF). If tolerance ≥ 0.10 or VIF ≤ 10, this means that it does not occur multicollinearity (Ghozali, 2016: 103).

3. Heteroskedastistics test

Test heteroscedasticity aims to determine whether in the regression model there is an inequality of variants from the residuals of one observation to another. If a variant ofresidual observation to another observation is different means there are symptoms heteroscedasticity in the regression model. A good regression model occurs symptoms heteroscedasticity (Ghozali, 2016: 134) Tests heteroscedasticity in this study using the test *glejser.* The Glejser test is carried out by creating a regression model that involves the absolute residual value, namely by regressing the absolute residual value with the independent variable (Ghozali, 2016: 137).

3.10 Model feasibility test

1. Coefficient of Determination (R^2)
   The coefficient of determination measures the model's ability to explain variations in the dependent variable. A small coefficient of determination means that the ability of the independent variables to explain the variation of the dependent variable is very limited, but if the value of the coefficient of determination is high, it means that the independent variable is able to fully explain the variation of the dependent variable. In this study, the coefficient used is the value of*adjusted* R^2 because the adjust R^2 value can go up or down if one variable is added to the model (Ghozali, 2016: 95).
2. F test
   The F statistical test aims to show whether all the independent or free variables included in the model have a joint influence on the dependent or dependent variable. The F test was carried out to see the significance value at table *anova* with help the SPSS program. When the significance value *anova* $< \alpha = 0.05$, then this model is said to be fit with observational data or the independent variable is able to explain the dependent variable (Ghozali, 2016: 96).
3. t test
   The statistical t test basically shows influence variable independent partial in explaining the variation of the dependent variable (Ghozali, 2016: 97). This test is used to prove the hypothesis in this study will be compared with the t table with a significant level of 0.05.
   The test criteria are as follows:
   a) H1 is accepted and H0 is rejected if the significance t $\leq \alpha = 0.05$. This means that the independent variables partially have a significant effect on the dependent variable.
   b) H0 is accepted and H1 is rejected if the significance of t $> \alpha = 0.05$. This means that the independent variables partially have no effect on the dependent variable.

4. Results and discussions

4.1 Instrument test

The data analysis test begins with testing the research instrument, namely by testing the validity and reliability of the instrument. According to Sugiyono (2018: 102) the research instrument is a tool used to measure observed natural and social phenomena.

1. Validity test
   Something questionnaire is said to be valid if the question is on questionnaire able to reveal something to be measured by questionnaire. Testing the validity of each item with a total score which is the sum of each item score. If the correlation of the factor scores is said to be strong, it can be concluded that the instrument has validity construction good (Sugiyono, 2018: 178). The results of the instrument validity will be presented in table 4.1 below.

Table 4.1 Research Instrument Validity Test Results

Indicator	***Pearson Correlation***	***Sig***	**Information**
KNJ 1	0.557	0,000	Valid
KNJ 2	0.705	0,000	Valid
KNJ 3	0.574	0,000	Valid
KNJ 4	0.536	0,000	Valid
KNJ 5	0.680	0,000	Valid

KNJ 6	0.549	0,000	Valid
KNJ 7	0.546	0,000	Valid
KNJ 8	0.691	0,000	Valid
KNJ 9	0.627	0,000	Valid
Transparency (TRA)			
TRA 1	0.716	0,000	Valid
TRA 2	0.731	0,000	Valid
TRA 3	0.736	0,000	Valid
TRA 4	0.646	0,000	Valid
Accountability (AKT)			
AKT 1	0.645	0,000	Valid
AKT 2	0.774	0,000	Valid
AKT 3	0.747	0,000	Valid
AKT 4	0.685	0,000	Valid
Responsibilities (RES)			
RES 1	0.704	0,000	Valid
RES 2	0.713	0,000	Valid
RES 3	0.675	0,000	Valid
RES 4	0.612	0,000	Valid
Independency (ENG)			
ENG 1	0.747	0,000	Valid
ENG 2	0.718	0,000	Valid
ENG 3	0.646	0,000	Valid
IND 4	0.721	0,000	Valid
Fairness (KEW)			
KEW 1	0.628	0,000	Valid
KEW 2	0.556	0,000	Valid
KEW 3	0.609	0,000	Valid
KEW 4	0.659	0,000	Valid

Source: Data processed (2020)

Based on Table 4.1, it can be seen that all indicators used to measure variables in the study have a correlation value greater than 0.3 and significantly less than 0.5. The results show that all indicators are said to be valid.

2. Reliability Test
   Reliability is a tool to measure a questionnaire which is an indicator of the variable or construct. To measure the reliability used the test cronbach's statistics *Alpha* (α). Nunnally, 1994 in Sugiyono (2018: 48) states that a construct or variable is said to be reliable if it provides a Cronbach Alpha value > 0.70. Reliability test results instrument will presented in Table 4.2 below.

Table 4.2 Research Instrument Reliability Test Results

Variable	Cronbach's Alpha	Information
(KNJ)	0.798	Reliable
(TRA)	0.713	Reliable
(AKT)	0.717	Reliable
(RES)	0.703	Reliable
(IND)	0.716	Reliable
(KEW)	0.742	Reliable

Source: Data processed (2020)

Based on Table 4.2 above, it can be seen that all variables have cronbach's alpha greater than 0.7. These results indicate that all data used in the questionnaire are said to be reliable.

4.2 Descriptive statistics

Descriptive statistics in this presentation are presented to provide information about the characteristics of the research variables, including the minimum, maximum, average, and standard deviation values. To measure the central value of a data distribution generally uses the average (mean) measurement. The circulation of the data value studied with the average value used standard deviation. Descriptive statistics in this study are shown in table 4.3 below.

Table 4.3. Descriptive Statistics Test Results

	N	Minimum	Maximum	Mean	Std. Deviation
KNJ	76	32.00	45.00	40.0658	3.02141
TRA	76	13.00	20.00	17.2105	1.62740
AKT	76	14.00	20.00	17.5921	1.75254
RES	76	14.00	20.00	17.7895	1.43588
IND	76	12.00	20.00	16.8684	1.98892
KEW	76	13.00	20.00	17.6184	1.57452
Valid N (listwise)	76				

Source: Data processed (2020)

Based on Table 4.3, it can be seen that the results of the frequency descriptive statistical test are as follows:

1. The LPD performance variable (KNJ) has a minimum score of 32, a maximum score of 45, an average score of 40.065 with a standard deviation of 3.021. This shows that it happened difference the performance value of the LPD against the average amounted to 3.021.
2. The transparency variable (TRA) has a minimum score of 13, a maximum score of 20, an average score of 17.210 with a standard deviation of 1.627. This shows that there is a difference in value.transparency towards the average value is 1.627.
3. The accountability variable (AKT) has a minimum score of 14, a maximum score of 20, an average score of 17.592 with a standard deviation of 1.752. This shows that there is a difference in the accountability value against the average value of 1.752.
4. The responsibility variable (RES) has a minimum score of 14, a maximum score of 20, an average score of 17.789 with a standard deviation of 1.435. This shows that there is a difference in the value of responsibility towards the average value of 1.435.
5. The independency variable (IND) has a minimum score of 12, a maximum score of 20, an average score of 16,868 with a standard deviation of 1,988. This shows that there is a difference in the value of independence to the average value of 1,988.

6. The variable of fairness (KEW) has a minimum score of 13, a maximum score of 20, an average score of 17.618 with a standard deviation of 1.574. This shows that there is a difference between the fairness value and the average value of 1.574.

4.3 Classic assumption test

The classical assumption test is an analysis carried out to assess whether in a linear regression model there are problems with classical assumptions, according to Ghozali (2016: 99). Before the regression model is used to test hypotheses, a classic assumption tester is first carried out. The purpose of this test is to Knowing the existence of the relationship between the independent variable and the dependent variable so that the analysis can be interpreted more accurately, efficiently and limitedly from the weaknesses that occur because of the symptoms of classical assumptions. The classical assumption tests used are the normality test, multicollinearity test, and heteroscedasticity test.

1. Normality test
   The normality test aims to test whether in the regression model, confounding or residual variables have a normal distribution. There are two ways to predict whether the residuals have a normal distribution or not, namely by graph analysis and statistical tests (Ghozali, 2016: 160). The statistical test used to test the residual normality in this study is a non-parametric statistical test *Kolmogorov-Smirnov* (KS).if Asymp.Sig. (2-tailed) > α (0.05) then it is said to be data distributed normal (Ghozali, 2012: 164). The results of the normality test will be presented in Table 4.4 below.

Table 4.4 Normality Test Results One-Sample Kolmogorov-Smirnov Test

		Unstandardized ed Residual
N		76
Normal Parameters ab	Mean	.0000000
	Std. Deviation	2.22343259
Most Extreme	Absolute	.115
Differences	Positive	.115
	Negative	-.057
Kolmogrov-Smirnov Z		1,002
Asymp. Sig. (2-tailed)		.268

Source: Data processed (2020)

Based on Table 4.4 above shows the value *Asymp. Sig*. (-2 tailed) of 0.268 > 0.05. The results show that the data used are normally distributed data.

2. Multicollinearity Test
   Multicollinearity test is used to show a linear relationship Among independent variables in the regression model (Ghozali, 2016: 103). To detect the presence or absence of a correlation between independent variables, it can be seen from tolerance value and his opponent variance *inflationfactor* (VIF). If the tolerance value is more than 10% and VIF is less than 10, it is said that there is no multicollinearity. The results of multicollinearity are presented on Table 4.5 below.

Table 4.5 Multicollinearity Test Results

Variable	Collinearity Statistics	
	Tolerance	**VIF**
TRA	.751	1,331
AKT	.790	1,266
RES	.527	1,897
IND	.554	1,806
KEW	.676	1,479

Source: Data processed (2020)

Based on Table 4.5, it is explained that the VIF value of all variables has a value less than 10 and the tolerance value for all variables is above 0.1. The results show that there are no multicollinearity symptoms between the variables in the regression model.

3. Test Heteroscedasticity
   Test Heteroscedasticity conducted to find out whether in the regression model inequality variancefrom the residual of an observation to another observation or not (Ghozali, 2016: 134). A significant t value of more than 0.5 indicates that the model does not contain symptoms heteroscedasticity. Test results heteroscedasticity will be presented in Table 4.6 below.

Table 4.6 Test results Heteroscedasticity

Model		Unstandardized Coefficients		Unstandardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	10,519	18,168		.578	.565
	TRA	-.042	.079	-.072	-.528	.599
	AKT	.011	.509	.003	.022	.982
	RES	-693	1,162	-.097	-.596	.553
	IND	.510	.819	.099	.623	.535
	KEW	-173	.936	-.027	-185	.845

Source: Data processed (2020)

Based on Table 4.6 above, it can be seen that the significant value of all independent variables is greater than 0.05. The results showed that the variables used did not occur heteroscedasticity symptoms.

4.4 Multiple linear regression analysis test

The analysis model used in this study is multiple linear analysis using SPSS. Multiple linear analysis is used to measure the effect of more than one independent variable on the dependent variable (Ghozali, 2016: 96). The independent variables used are transparency, accountability, responsibility, independence , fairness, the dependent variable is LPD performance. The results of multiple linear regression analysis can be seen in table 4.7 below.

Table 4.7 Multiple Linear Regression Analysis Test Results

Model		Unstandardized Coefficients		Unstandardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	20,632	3,989		5,172	.000
	TRA	.038	.017	.221	2,175	.033
	AKT	.405	.112	.360	3,632	.001
	RES	.584	.255	.278	2,292	.025
	IND	-004	.180	.003	-.024	.981
	KEW	.073	.205	.038	.357	.722

Source: Data processed (2020)

Based on Table 4.7, it is obtained a multiple linear regression equation as follows.
KNJ = 20,632 + 0,038TRA + 0,405AKT + 0,584RES - 0,004IND + 0,073 KEW

Information :
KNJ : LPD performance
α : Constants
β : Regression coefficient
TRA : Transparency
AKT : Accountability
RES : Responsibility
IND : Idependency
KEW : Fairness

4.5 Test appropriateness model (Goodness of Fit)

According to Ghozali, (2016: 95) the model feasibility test is used to measure the accuracy of the sample regression function in estimating the actual value that can be measured from the goodness of fit value. Statistically, the feasibility test of the model can be done by measuring the coefficient of determination, the F statistical value and the t statistical value.

1. Determination Coefficient (R^2)
   The coefficient of determination (R^2) in essence measures how far the model's ability to apply variable variations dependent Ghozali, (2016: 98). The results of the coefficient of determination (R^2) are shown in Table 4.8 below.

Table 4.8 Determination Test Results

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.677a	.458	.420	2.301 47

Source: Data processed (2020)

Based on Table 4.8 above, you can see nat the adjusted R square value of 0.420 or 42%, which means the effect of (TRA), (AKT), (RES), (IND), and (KEW) on (KNJ) is 42%. While the remaining 58% is influenced by other variables.

2. F test

The F statistical test aims to determine the feasibility of the linear regression model as an analysis tool that tests the effect of independent variables on the dependent variable Ghozali, (2016: 96). Table 4.9 shows the p-value which can be presented with the F test results.

Table 4.9 F-test results ANOVAb

Model		Sun of Squares	df	Mean Square	F	Sig.
1	Regression	313,897	5	62,779	11,852	.000a
	Residual	370,774	70	5,297		
	Total	684,671	75			

Source: Data processed (2020)

Based on Table 4.9 above, it can be seen that the F-count value is 11,852 with a significant value of 0,000 which is below 0.05, so it can be concluded that transparency (TRA), accountability (AKT), responsibility (RES), independence (IND), fairness (KEW) simultaneously has a positive effect on (KNJ). This means that the results of this study are said to be fit with the observed data so that it is suitable to be used as an observation model.

3. t test

The t statistical test basically shows how far the influence of an independent variable is individually in explaining the variation of the dependent variable Ghozali, (2016: 97). This test is done by comparing the significant value (KNJ) shown by Sig. of t in Table 4.7 with a significant level of 0.05 taken. If sig. from t ≤ 0.05, the independent variable affects the dependent variable can be explained as follows.

a) Transparency (TRA)

Based on table 4.7 above, it is obtained value result t count of 2.175 with value significant variable transparency of 0.033, which means less than 0.05. This means that the transparency variable has a positive effect on LPD performance, so H1 is accepted.

b) Accountability (AKT)

Based on the table 4.7 above, the t value is 3.632 with a significant value of the accountability variable of 0.001, which means it is smaller than 0.05. This means that the accountability variable has a positive effect on LPD performance, so that H2 is accepted.

c) Responsibilities (RES)

Based on the table 4.7 above, the t value is 2.292 with a significant value of the responsibility variable of 0.025, which means it is smaller than 0.05. Thing this means that the responsibility variable has a positive effect on LPD performance, so that H3 is accepted.

d) Independence (IND)

Based on table 4.7 above obtained the results of the t value of -0.024 with a significant value of the independence variable of 0.981 which means greater than 0.05. This means that the independence variable has no effect on LPD performance, so H4 is rejected.

e) Fairness (KEW)

Based on table 4.7 above obtained value result count of 0.357 with a significant value of the fairness variable of 0.722, which means greater than 0.05. This means that variable fairness has no negative effect on LPD performance, so H5 is rejected.

4.2 Discussion

4.2.1 The effect of transparency on the performance of village credit institutions in Blahbatuh District

Based on the analysis, it is found that the transparency variable has a positive effect on the performance of the Village Credit Institution (LPD) in Blahbatuh District. Transparency is the provision of adequate, accurate and timely information to stakeholders. LPD that are increasingly transparent in disclosing information will increase stakeholder confidence in the LPD, because knowing all information correctly and openly in resource management is one of the rights of stakeholders so that LPDs will indirectly try to improve their performance to add value to LPD. The better the principle of transparency is applied, the better the performance of the Village Credit Institution (LPD). This research is in accordance with research conducted by [6], [7]. Andrean and Wirajaya (2018), Paramita, (2018), Sawitri and Ramantha, (2018), Suryani, (2018), Suryantara, (2018) and Yastini and Yadnyana, (2019) which stated that transparency has a positive effect on performance. This result is not in accordance with the research conducted by Luwih and Muliarta in 2018 which stated that transparency has no effect on performance.

4.2.2 The effect of accountability on the performance of village credit institutions in Blahbatuh District

Based on the results of the analysis, it was found that accountability had a positive effect on the performance of the Village Credit Institution (LPD) in Blahbatuh District. Accountability was the clarity of functions, system structure and accountability of LPD elements. One of the requirements for sustainable performance is to be accountable for its performance in a true, measurable, and correct manner. Along with still taking into account the interests of the manager and stakeholders wil *l*be an added value to improve LPD performance. The results of these studies identify that the application of the principle of accountability to the Village Credit Institution (LPD) can be said to be good. Accountability means understanding the vision, mission, objectives and operational targets of the LPD, understanding the roles, duties and responsibilities of each according to its capabilities, financial reports and transaction evidence that are well documented and the establishment of an adequate internal control system can affect LPD performance so that can improve the performance of the Village Credit Institution (LPD). The better the accountability principle is applied, the better the performance of the Village Credit Institution (LPD). The results of this study are in line with research conducted by Yasa and Putri, (2017), [7]. By Andrean and Wirajaya, (2018), Paramita, (2018), Sawitri and Ramantha, (2018), Suryani, (2018), Suryantara, (2018), Astini and Yadnyana, (2019) which state that accountability has a positive effect on performance . These results contradict research conducted by [6], Luwih and Muliarta, (2018) stated accountability has no effect on performance.

4.2.3 The effect of responsibility on the performance of village credit institutions in Blahbatuh District

Based on the results of the analysis obtained that responsibility has a positive effect on the performance of the Village Credit Institution (LPD) in Blahbatuh District. Responsibility contains an element of compliance with laws and regulations and internal LPD provisions as well as responsibility for the community and the environment. Application of the principle of responsibility to Village Credit Institutions (LPD) which is related to understanding and obeying all applicable LPD laws and regulations. Care for the community and environmental sustainability, the decision-making process adheres to the principle of prudence and conformity to established systems and procedures and professional standards ethics is applied in the LPD consistently and sanctions are given to those who violate it good principle the responsibility that is applied, then improves the performance of the Village Credit Institution (LPD). The results of this study are in accordance with the research conductedby Andrean and Wirajaya, (2018), Paramita, (2018), Sawitri and Ramantha, (2018), Suryani, (2018), Suryantara, (2018), Yastini and Yadnyana, (2019) which stated that responsibility has a positive effect on performance. This result is not in accordance with research conducted by [6], [7], Luwih and Muliarta, (2018) which states that responsibility is not affected by performance.

4.2.4 The effect of independence on the performance of village credit institutions in Blahbatuh District

Based on the results of the analysis, it was found that independence had no significant effect on the performance of the Village Credit Institution (LPD) in Blahbatuh District. This shows that the independence or non-independence of the Village Credit Institution (LPD) will not affect the LPD's performance. This is because the LPD was formed by a traditional village pakraman where the supervisory body, the head of the LPD and its employees come from the area where the LPD is established so that they will continue to maintain the development of the LPD's performance, even though the LPD chairman has not been able to make decisions objectively or independently of the interests of various other parties, they can still improve their performance. The results of this study are in line with research conducted by [6], [7], by Luwih and Muliarta, (2018) which states that independence has no effect on LPD performance and this research contradicts research conducted by Andrean and Wirajaya, (2018), Paramita, (2018), Sawitri and Ramantha, (2018) Suryani, (2018) Suryantara, (2018), Yastini and Yadnyana, (2019) which stated that independence affects LPD performance.

4.2.5 The effect of fairness on the performance of village credit institutions in Blahbatuh District

Based on the results of the analysis, it was found that fairness did not have a significant effect on the performance of the Village Credit Institution (LPD) in Blahbatuh District. This indicates that the application of the fairness principle to the LPD is quite good. The fairness in question is to provide equal opportunities to village krama or members LPD to provide input and opinions to the LPD, provide fair treatment to all members and provide equal opportunities in hiring LPD employees for village manners. However, although the application of this principle can be said to be quite good, in fact it is still not able to encourage an increase in LPD performance, so it is necessary to improve the process of implementing this principle on an ongoing basis so that it can have an impact on improving LPD performance. The results of this study are in line with research conducted by [6], [7], Luwih and Muliarta (2018) which state that independence has no effect on LPD performance and this research contradicts research conducted by Andrean and Wirajaya. (2018), Paramita, (2018), Sawitri and Ramantha.

5 Conclusions and Suggestions

5.1 Conclusion

This study aims to test and obtain evidence empirical the influence of Good Corporate Governance which consists of transparency, accountability, responsibility, independence, fairness on the performance of Village Credit Institutions (LPD) in the District Blahbatuh. The sample used in this study was 29 out of 36 LPDs in Blahbatuh District by taking 76 respondents.sample saturated and the data analysis technique used is multiple linear regression. Based on the analysis and descriptions in the previous chapters, the principles of good corporate governance on the performance of Village Credit Institutions in Blahbatuh District can be concluded as follows.

1. Transparency has a positive effect on the performance of the Village Credit Institution in Blahbatuh District, the more open the company is in disclosing its information, the more stakeholders believe in the company so that indirectly the company will try to improve its performance to add value to the company.
2. Accountability has a positive effect on the performance of the Village Credit Institution in Blahbatuh District, the application of the accountability principle to the LPD can be said to be good. Accountability means understanding the vision, mission, objectives and operational targets of the LPD, understanding the roles, duties and responsibilities of each according to its capabilities, financial reports and transaction evidence that have been well documented and the establishment of an adequate internal control system can affect LPD performance so that can improve the LPD's performance.
3. Responsibility has a positive effect on the performance of the Village Credit Institution in Blahbatuh District. Application of principles responsibility the LPD which is related to understanding and obeying all applicable LPD laws and regulations has gone well. Caring for the community and the environment, the decision making process adheres to the principle of prudence and conformity with established systems and procedures and standards professional ethics is applied in the LPD consistently and penalized for violators.
4. Based on the results of the analysis, it is found that independence has no positive effect on the performance of Village Credit Institutions (LPD) in the District Blahbatuh. This shows that the independence or non-independence of the Village Credit Institution (LPD) will not affect the LPD's performance. This is because the LPD was formed by a traditional village pakraman where the supervisory body, the head of the LPD and its employees come from the area where the LPD is established so that they will continue to maintain the development of the LPD's performance, even though the LPD chairman has not been able to make decisions objectively or independently of the interests of various other parties, they can still improve their performance.
5. Based on the results of the analysis obtained that fairness does not have a positive effect on the performance of the Village Credit Institution (LPD) in the District Blahbatuh. This indicates that the application of the principle of fairness in LPDs is quite good. The fairness in question is to provide equal opportunities to village krama or members LPD to provide input and opinions to the LPD, provide fair treatment to all members and provide equal opportunities in hiring LPD employees

for village manners. However, although the application of this principle can be said to be quite good, in fact it is still not able to encourage an increase in LPD performance, so it is necessary to improve the process of implementing this principle on an ongoing basis so that it can have an impact on improving LPD performance.

5.2 Suggestion

This research is inseparable from several limitations that can be refined by future researchers, so it is hoped that the suggestions in this study will be useful for future researchers. The limitations and suggestions of this study are:

1. The number of respondents required and the busyness of employees, supervisors and customers when filling in questionnaire becomes inefficient, which causes the length of deployment questionnaire returned. The same goes for the lengthy process for applying for research and dissemination permits questionnaire which causes researchers to experience difficulties. Suggestions for future researchers to choose the right time to spread questionnaire especially avoiding the beginning of the month and the end of the month, completing the necessary documents in order to obtain research permits and distribution permits faster questionnaire.
2. There are many problems with Village Credit Institutions (LPD) related to corporate governance, it is hoped that the Village Credit Institutions (LPD) will implement corporate governance as a culture. Incompany improved coaching and training for all LPD employees is necessary so that LPD employees have a better understanding of LPD operations and duties. In addition, understanding of the components of corporate governance still needs to be improved because corporate governance can be the basis of control in LPD activities. The regulatory body needs to carry out regular performance evaluations to reduce the likelihood that the LPD is at a low level of health.
3. This study involved 29 LPDs with employees, supervisors, and customers as respondents. Further research is suggested to expand the object of research to perfect and complete research such as all LPD in the province of Bali. This research has not taken into account other factors outside the principles of corporate governance that can to affect LPD performance, it is advisable to expand the scope of research on other factors or proxies, such as monitoring mechanism corporate governance so that researchers can be generalized.

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