The Influence of Internal Control, Financial Literacy, and Organizational Culture on Financial Performance at LPD in Kintamani District

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ARTICLEINFO	ABSTRACT
	This study aims to determine the impact of internal control, financial literacy, and organizational culture on financial performance in LPD Kintamani District. This study uses a quantitative approach. The data collection technique used in this study was in the form of a questionnaire given to the heads of LPDs in the Kintamani District. The data analysis technique used was SEM-PLS (Smart Equation Modeling- Partial Least Square) version 3.0 where the number of samples used in this study were 34 heads of LPD, determining respondents using a purposive sampling technique. The results of the study show that Internal Control has a significant positive effect on Financial Performance in the LPD in Kintamani District. Then Financial Literacy has a significant positive effect on Financial Performance at LPD in Kintamani District. Furthermore, *This is an open access article under the*

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1. INTRODUCTION

In this era of globalization, the business world is growing rapidly, but on the other hand, the Indonesian economy is currently in an unfavorable condition. The current economic development in Indonesia really needs a sector from financial institutions, financial institutions have an important role in increasing the independence of people's lives. However, one of the obstacles faced by the community in carrying out economic activities is financial and capital problems which are generally relatively weak on average, constraints like this are felt by the community, especially people who are in rural areas. To overcome these problems the government has developed financial institutions that are local in their respective regions, some of which are the District Credit Agency (BKK) in Central Java,

The Village Credit Institution (LPD) was first initiated by the Governor of Bali, who was then held by Prof. Dr. Ida Bagus Mantra (late), with the aim of village development, especially in the economic field, this is in accordance with the Regulations Level I Region of Bali No. 2 of 1988, LPD is a name for a savings business loans belonging to traditional village communities in the Province of Bali and are a means of the people's economy in rural areas. The LPD functions as a body savings and loans owned by traditional villages and are operational units as well as a forum for village assets in the form of money or other securities, and carry out their functions in the form of efforts towards improving living standards *village manners.*

It is hoped that this LPD will continue to grow so that it can increase economic growth and development in rural areas. LPD continues to be developed into a strong and healthy village-owned Pakraman financial institution. However, not all LPDs have healthy performance, there are also LPDs

that have experienced a decline in performance. This can be seen from the data from the Special Committee for LPD DPRD Bali Province showing that out of a total of 1,433 LPDs in Bali, not all of them are developing properly. In fact, it was recorded that 158 LPDs or 11.3% of LPDs in Bali were declared bankrupt and were no longer operating (Fajar, 2022).

This condition reflects that the LPD in Bali has experienced a decline in financial performance or bankruptcy of the LPD which indicates that the financial weakness of the LPD. The large number of LPDs is not a guarantee that these LPDs can continue to grow rapidly, as is the case with the LPDs in Bangli Regency which have the largest number of LPDs, on the one hand this condition is also followed by the large number of LPDs that are bankrupt or unhealthy.

Bangli Regency has four sub-districts with 159 LPDs throughout Bangli Regency, each of which is located in every traditional village in Bangli Regency. In Bangli District there are 23 LPD, Kintamani District has 61 LPD, Susut District has 39 LPD, and in Tembuku District there are 36 LPD, (LPLPD Bangli Regency, 2022).

Kintamani Subdistrict is the Subdistrict that has the most number of LPDs among other Subdistricts in Bangli Regency, but this is followed by the many LPDs that have experienced a decrease in profits and income which fluctuate every year, so that it is not a guarantee that the number of LPDs most widely owned will avoid bankruptcy or jams. To support this theory, profit and loss report data for LPD Kintamani District are displayed from 2018 to 2022, shown in Table 1.1 below:

Table 1. LPD Profit and Loss Report Data for Kintamani District Development of LPD Profit and Loss Data for 2018-2022

No	Name of LPD	Profit				
		2018	2019	2020	2021	2022
1	Abang Batu Dinding	-	-	8,268	5,798	907
2	Abang Songan	-	-	9,108	17,092	18,363
3	Abuan	556,072	656,774	610,416	630,172	707,636
4	Angan Sari	15,023	16,043	17,160	17,583	19,811
5	Awan	803,043	731,499	756,986	800,347	800,979
6	Bantang	20	968	1,319	331	331
7	Banua	34,848	28,388	13,909	55,325	51,049
8	Batih	382	1,330	1,480	1,480	1,480
9	Batu Palah	70,377	85,166	27,999	23,071	6,406
10	Batukaang	5,811	6,402	1	2,900	90,816
11	Batur	613,340	624,150	351,553	510,735	800,000
12	Bayung Cerik	201,024	208,386	181,814	207,316	217,666
13	Bayung Gede	1,062,727	1,357,141	914,564	1,467,467	1,700,854
14	Belancan	820,517	658,538	273,068	305,891	306,534
15	Belandingan	655	1,040	1,040	1,040	2,000
16	Belanga	93,091	117,041	74,722	71,848	71,848
17	Binyan	5,742	363	401	2,892	5,258
18	Binyan Buahan	69,609	55,870	47,564	22,198	53,380
19	Bonyoh	15,603	20,063	40,341	41,659	28,011
20	Buahan	676	676	58	-	-
21	Bukih	304,040	336,825	398,244	380,269	300,942
22	Bukit Sari	-	-	-	30,123	655
23	Bunutin	159,604	203,105	212,773	158,368	154,512
24	Catur	38,279	50,137	45,370	45,983	47,055
25	Cenigaan	2,987	3,487	25,356	51,980	62,733
26	Daup	200,000	170,000	148,800	150,000	80,138
27	Dausa	214,761	173,666	153,917	369,038	346,553
28	Glagah Linggah	35,401	46,209	40,314	43,900	33,889
29	Gunung Bau	155,583	164,308	225,747	165,151	173,159
30	Katung	56,404	428,286	68,533	125,000	77,123
31	Kayu Kapas	60,396	61,698	60,843	62,257	63,512
32	Kedisan	120,034	144,352	127,936	122,817	169,635
33	Kembang Sari	35,453	57,497	45,080	28,432	5,367
34	Kintamani	-	1,433	26,146	30,151	24,514
35	Kubu Salya	1,882	1,608	5,299	9,304	17,320

36	Kutuh	29,434	43,346	41,435	49,362	48,455
37	Kuum	12,356	15,695	10,799	9,197	15,945
38	Langgahan	8,549	16,113	22,557	38,730	47,609
39	Lateng	2,754	2,754	6,847	20,451	22,414
40	Lembean	361,887	408,516	301,813	306,330	265,866
41	Mangguh	56,548	52,674	61,546	68,064	64,136
42	Manikliyu	103,926	121,306	110,337	108,401	91,844
43	Mengani	30,243	25,640	26,474	18,881	48,664
44	Panti	11,874	7,295	5,433	2,000	758
45	Pengejaran	2,861	463	1,364	445	11,353
46	Pinggan	171,578	120,836	71,744	107,316	94,861
47	Sanda	1,560	1,560	23,354	40,930	42,379
48	Satra	59,534	82,811	75,555	102,467	127,221
49	Sekaan	42,580	70,298	5,491	45,517	53,099
50	Sekardadi	738,842	817,743	601,844	500,588	716,658
51	Selulung	-	-	-	-	-
52	Serahi	-	-	-	9,302	33,151
53	*Siakin*	-	-	-	15,604	6,906
54	Songan	-	-	-	-	-
55	Subaya	68,386	67,803	93,616	131,243	129,415
56	Sukawana	321,218	475,099	404,942	509,462	877,025
57	Suter	7,002	4,461	3,324	2,730	2,235
58	Tanah Embut	8,077	11,331	11,879	14,458	15,169
59	Tanah Gambir	37,574	53,266	45,384	40,803	79,978
60	Trunyan	-	-	-	-	-
61	Ulian	503,146	561,473	607,312	709,638	829,738

(LPLPD Bangli Regency, 2022).

The decrease in profit and income at the LPD in Kintamani District illustrates that there is a decrease in profits earned by the company, so that it has an impact on weakening the financial performance of an LPD. Financial performance is a picture of a company to generate profit or income (Rachmah, 2023). Income or profit that is decreasing, illustrates that there are indications of a decline in financial performance experienced by LPDs, if this decline is not overcome then the LPD will experience bankruptcy or fraud. Bankruptcy of the LPD will be detrimental to society and the objectives of establishing the LPD itself will not be achieved.

There are many factors that can influence the financial performance of LPDs, namely the first aspect*internal controls*or internal control is a plan that includes the organizational structure and all coordinated methods and tools used within the company with the aim of maintaining the security of company property, verifying the accuracy and correctness of accounting data, promoting and contributing to efficiency, to promote compliance with the established (Yuhanis, 2019) . Internal control is very important because in the absence of internal control you will not be able to know how the financial journey is going, resulting in loss control which results in a decrease in financial performance. So a decrease in financial performance from the internal control aspect can occur due to a lack of supervision of related functions or parts, as well as a lack of understanding in the analysis of policy reports within the company. including an organizational structure that is carried out on an ongoing basis. This is also consistent with research by Puspitasari, et al., (2021) which shows that internal control or internal control affects financial performance in LPDs. This explains that internal control has the highest impact on improving performance, the better the internal control, the higher the financial performance achieved by a company or LPD.

The second aspect besides*internal controls,*Financial literacy also has an important role in financial performance. According to Nurmala, et al. (2021) Financial literacy is the skill to separate financial issues and financial alternatives, without feeling bothered to make decisions in everyday finances or economic events. Lack of understanding of knowledge in financial management will also have an impact on financial performance, due to a weakening of ability or understanding in making financial decisions. This is also in line with Putri's research, et al., (2022) which shows that financial literacy has an influence on financial performance.   The third aspect is organizational culture, LPD is an institution that is very thick with its organizational culture, each region has a different culture and techniquesdifferent way of dealing with an existing problem. This culture has a great

impact on financial performance because not all have the same policy regulations according to the culture they adhere to. Organizational culture are the values that guide human resources in carrying out their obligations and behavior within the organization (Day, 2019). So the better the organizational culture in a company, the better the financial performance will be, this is in accordance with research by Wulantari, et al., (2022) which shows that organizational culture influences financial performance.

The Kintamani District Village Credit Institution (LPD).*internal controls*or internal control that is less than optimal, this is influenced by a lack of financial literacy or understanding of LPD financial management, if this continues it will make the LPD become bogged down, besides that a good organizational culture in the LPD is very necessary. With maximum internal control and optimal financial literacy and a good organizational culture, it can motivate employees to work effectively which will ultimately improve the financial performance of an LPD.

2. RESEARCH METHOD

This research was conducted at LPD Kintamani District, Bangli Regency. The type of data used in this research is quantitative data and qualitative data. The population used in this study were LPDs throughout the Kintamani District, with a total of 61 LPDs. And the sample used was 34 head respondents or LPD leaders. The analysis technique used is Structural Equation Modeling with Partial Least Square (SEM-PLS).

3. RESULTS AND DISCUSSIONS
General Description of Research Respondents

Respondents in this study were LPD leaders in the Kintamani District. This research was conducted by distributing 34 questionnaires. This questionnaire contains questions related to internal control, financial literacy, organizational culture and financial performance. The details of distributing the questionnaires can be presented in Table 5.1

Table 2. Description of Questionnaire Distribution

No	Questionnaire Conditions	Amount	%	Information
1.	Good and Complete	34	100	Worthy
2.	Incomplete Answer	-	-	Not feasible
3.	Damaged	-	-	Not feasible
	Amount	34	100	

Source: SmartPLS 3.0 Output Results

Based on table 2, it illustrates that from the distribution of 34 questionnaires, it can be concluded that all questionnaires are in good condition and complete, or it can be said that there are no questionnaires that are not suitable for use in this research process. With regard to demographic characteristics, in this study it is described through the variable gender, the latest education of LPD leaders in the Kintamani District. The presentation of the data on the demographic characteristics of the respondents is as follows:

Table 3. Respondent Demographic Characteristics

| No	Variable	Classification	Number of people)	Percentage (%)
1.	Gender	Man	29	85,3
		Woman	5	14,7
		Amount	**34**	**100**
2.	Last education	SMA/Equivalent	33	97.1
		Diploma	-	-
		Bachelor	1	2,9
		Amount	**34**	**100**

Source: Processed Data (2023)

Based on Table 3 it can be seen that the characteristics of the respondents according to gender were of the 34 respondents, as many as 29 respondents (85.3%) were male and 5

respondents (14.7%) were female. From these data it can be concluded that the majority of respondents were male.

Based on Table 5.2 it can be seen that the characteristics of the respondents according to their last education were of the 34 respondents, as many as 33 respondents (97.1%) had a high school education/equivalent, and 1 respondent (2.9%) had a Bachelor's degree. Based on these data it can be concluded that most of the respondents had the last education of SMA/equivalent.

Model Evaluation

Data processing techniques using the SEM method based on Partial Least Square (PLS) require 2 stages to assess the fit of a model from a study (Ghozali, 2021). Before heading to the stages of the Partial Least Square (PLS) based SEM method, the structural model in this study will be explained:
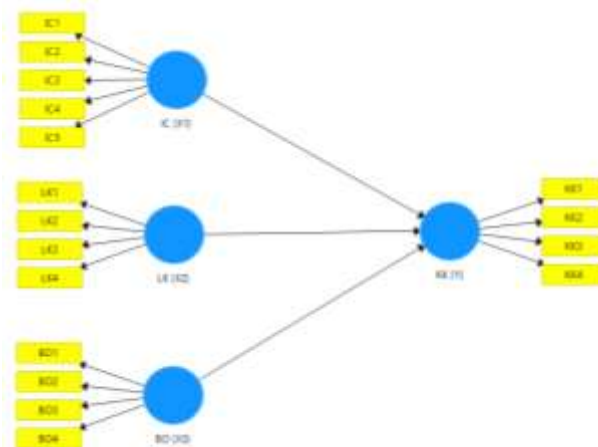
Source: SmartPLS 3.0 output results
Figure 1. Structural Models

Information :
IC : Internal Control
LK : Financial Literacy
BO : Organizational Culture
KK : Financial Performance

Figure 1 shows that the Internal Control (IC) construct is measured by five indicators, namely: IC1, IC2, IC3, IC4, IC5. Financial Literacy (LK) is measured by four indicators, namely: LK1, LK2, LK3, LK4. Then there is Organizational Culture (BO) measured by four indicators, namely: BO1, BO2, BO3, BO4. Furthermore, Financial Performance (KK) is measured by four indicators, namely: KK1, KK2, KK3, KK4. The direction of the arrows between indicators indicates that the study uses reflective indicators that are relatively appropriate for measuring influence. The relationship to be examined is denoted by arrows between constructs.

Outer Mode Testing

There are three criteria in the use of data analysis techniques with SmartPLS to assess the Outer Model, namely Convergent Validity, Discriminant Validity and Composite Reliability, Convergent Validity of the measurement model with reflexive indicators is assessed based on the correlation between Item Score/Component Score estimated with PLS software.

Convergent Validity

According to Ghozali (2021), a reflective measure is declared high if it correlates more than 0.70 with the construct you want to measure, but for this early-stage research, from developing a measurement scale the loading value from 0.5 to 0.60 is considered pretty good. In this study, the SmartPLS Output results from the Loading Factor are as follows:

Table 4. *Outer Loading*

Outer Loading	BO(X3)	IC(X1)	KK(Y)	LK(X2)
BO1	0.776			
BO2	0.844			
BO3	0.905			
BO4	0.954			
IC1		0.956		
IC2		0.861		
IC3		0.920		
IC4		0.952		
IC5		0.748		
KK1			0.964	
KK2			0.771	
KK3			0.863	
KK4			0.974	
LK1				0.856
LK2				0.803
LK3				0.721
LK4				0.886

Source: SmartPLS 3.0 output results

The table above shows that the loading factor values of all indicators have obtained or produced loading values that meet the requirements, which are greater than 0.70. In this study the smallest value is found in the LK3 indicator, which is equal to 0.721. So reflective is declared high because it correlates above > 0.70. The average loading factor values of all indicators correlate above > 0.70, so in this study it can be concluded that indicators with values above 0.70 are declared valid or have met convergent validity. Figure loading factor in the study is as follows:
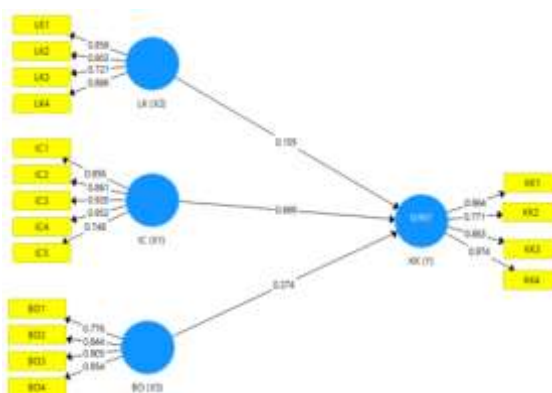
Source: SmartPLS 3.0 output results
Figure 2. Loading Factor Value

Discriminant Validity

Discriminant validity carried out to ensure that each concept of each latent variable is different from the other variables. The model has good discriminant validity if each loading value for each indicator of a latent variable has the largest loading value with other loading values for other latent variables. The results of discriminant validity testing were obtained as follows:

Table 5. *Discriminant Validity* (Cross Loading)

Discriminant Validity	BO(X3)	IC(X1)	KK(Y)	LK(X2)
BO1	0.776	0.712	0.673	0.716
BO2	0.844	0.647	0.687	0.385
BO3	0.905	0.690	0.671	0.483
BO4	0.954	0.680	0.569	0.494
IC1	0.560	0.956	0.576	0.665
IC2	0.567	0.861	0.573	0.436
IC3	0.663	0.920	0.544	0.634
IC4	0.616	0.952	0.505	0.710
IC5	0.453	0.748	0.554	0.328

KK1	0.660	0.656	0.964	0.665
KK2	0.705	0.690	0.771	0.483
KK3	0.666	0.718	0.863	0.717
KK4	0.716	0.652	0.974	0.700
LK1	0.420	0.486	0.547	0.856
LK2	0.530	0.502	0.539	0.803
LK3	0.395	0.521	0.570	0.721
LK4	0.612	0.656	0.676	0.886

Source: SmartPLS 3.0 output results

From table 5 it can be seen that the loading factor for each indicator of each latent variable has the greatest loading factor value compared to the other Latin variable loading factor values. This means that each latent variable has good discriminant validity. In an effort to strengthen valid statements from constructs, researchers also use the Average Variance Extraced (AVE) method. For a good construct, the AVE value must be > 0.50. The results of the AVE test are as follows:

Table 6. AVE Average Variance Extraced

VARIABLE	Cronbach's Alpha	rho_A	Composite Reliability	Average Variances
KK (Y)	0.915	0.928	0.942	0.804
ICs (X1)	0.935	0.960	0.950	0.793
LK (X2)	0.833	0.843	0.890	0.670
BO (X3)	0.893	0.894	0.972	0.761

Source: Results*SmartPLS 3.0 output*

Table 6 shows the AVE values for all variables in the table above the correlation between latent constructs which states that the construct values of all variables have met the requirements or can be said to be valid.

Composite Reability

Reliability criteria can also be seen from the value of composite reliability and Cronbach's Alpha of each construct. A construct can be said to have high reliability if the composite reliability value is above >0.70 and the Cronbach's Alpha value is >0.60.

**Table 7. *Composite reliability and Cronbach's Alpha***

VARIABLE	Cronbach's Alpha	rho_A	Composite Reliability	Average Variances
KK (Y)	0.915	0.928	0.942	0.804
ICs (X1)	0.935	0.960	0.950	0.793
LK (X2)	0.833	0.843	0.890	0.670
BO (X3)	0.893	0.894	0.972	0.761

Source: SmartPLS 3.0 output results

Table 7 shows that all constructs in this study produce composite reliability values above > 0.70 and Cronbach's Alpha values above > 60. So it can be concluded that all the constructs of this study are reliable.

Structural Model Testing or Inner Model

Testing the structural model or inner model is done by looking at the relationship between the significance value construct and R-square for the dependent construct and the t-test as well as the significance of the structural path parameter coefficients.
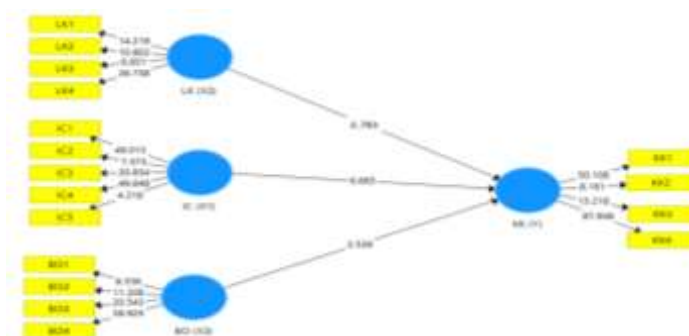
Source: SmartPLS 3.0 output results
Figure 3. *InnerModel*

To assess the model with PLS starting from looking at the R-square for each endogenous latent variable. Table 8 is the result of the R-square value using SmartPLS 3.0

Table 8. R-square value

	R-Square	R-Square Adjusted
Financial Performance (Y)	0.957	0.952

Source: SmartPLS 3.0 Output Results

Table 8 shows that the value of the R-square for the variableFinancial performance(KK) is 0.957 and the adjusted R-square value is 0.952.R-Squares value 0.67; 0.33 and 0.19 for endogenous latent variables in the structural model indicating strong, moderate, and weak models (Ghozali, 2021). These results indicate that 95.7% of the variable Financial Performance can be influenced by the variables Internal Control, Financial Literacy, and Organizational Culture.

Hypothesis test

The significance of the estimated parameters provides very useful information regarding the relationship between research variables, the basis used to test the relationship is the value contained in the output result inner weight. In PLS statistical testing of each relationship is done by simulation. In this case, the bootstrap method was carried out on the sample. Testing with bootstrap is also intended to minimize the problem of abnormal research data. The test results with the bootstrapping method using SmartPLS are as follows:

Table 9. *Path Coefficients*

	Original Sample(O)	Sample Means(M)	Standard Deviations(STDEV)	T Statistics (|O/STDEV|)	P Values
IC (X1)-> KK (Y)	0.669	0.686	0.100	6,665	0.000
LK (X2) -> KK (Y)	0.105	0.096	0.069	3,783	0.001
BO(X3) -> KK (Y)	0.274	0.258	0.077	3,538	0.001

Source: SmartPLS 3.0 output results

Table 9 shows that Internal Control has a positive effect on Financial Performance with a coefficient value of 0.669 and t-statistic of 6.665 and t-table of 1.960, then Financial Literacy has a positive effect on Financial Performance with a parameter coefficient value of 0.105 and t-statistic of 3.783 and t-table of 1.960. Furthermore, Organizational Culture has a positive effect on Financial Performance with a parameter coefficient value of 0.274 and a t-statistic of 3.538 and a t-table of 1.960. If the t-statistic > from the t-table, it can be said that the endogenous construct influences the exogenous construct. So it can be concluded that the three construct relationships above can be said to have a positive and significant effect because the t-statistic value is greater than the t-table value. Therefore it can be said that Internal Control has an effect on Financial Performance, Financial Literacy has an effect on Financial Performance,

Table 10. *Result Inner Weight* (Total Effect)

	Original Sample(O)	Sample Means(M)	Standard Deviations(STDEV)	T Statistics (|O/STDEV|)	P Values
IC (X1)-> KK (Y)	0.669	0.686	0.100	6,665	0.000
LK (X2) -> KK (Y)	0.105	0.096	0.069	3,783	0.001
BO(X3) -> KK (Y)	0.274	0.258	0.077	3,538	0.001

Source: SmartPLS 3.0 output results

Table 10 shows that*Internal Controls*has a positive effect on financial performance with a coefficient value of 0.669, then financial literacy has a positive effect on financial performance with a parameter coefficient value of 0.105. Furthermore, Organizational Culture has a positive effect on Financial Performance with a parameter coefficient value of 0.274. The three constructs have t-statistic values > t-table (1.960), so it can be concluded that the constructs have a valid relationship.

Discussion
Based on the results of the analysis that has been presented, the following is a one-by-one review related to the construct studied and its impact.

The Effect of Internal Control on Financial Performance
Based on the results of the research described above which shows that partially Internal Control (X1) has a positive and significant effect on financial performance (Y) in LPDs throughout the Kintamani District, with a parameter coefficient value of 0.669, t-statistic of 6.665 (> 1.960), and a significance level of 0.000<0.05. Thus H1 in this study is accepted. LPD Internal Control includes work environment controls such as ethics, integrity, relationship values, structure and division of labor, company risk assessment, information and communication control, control and monitoring. If the internal control components are implemented, the financial performance will improve automatically, including what happened in LPDs throughout the Kintamani District.

System*internal controls*certainly can facilitate the evaluation of company performance and can also limit the level of risk. Trisnawati, et al., (2022) explains that weak oversight of internal control will have a negative impact on the organization. Therefore the role of internal control or internal control is very important for the organization, with the implementation of an internal control system, management will emphasize the importance of control and take important steps to control it, this goal also ensures that the company's business activities comply with laws and regulations, company policies and procedures , so as to improve financial performance. This explains that internal control has the highest impact on improving performance,

The results of this study are also strengthened by an explanationPuspitasari, et al., (2021) with research results showing that the performance of the LPD in Tampaksiring District was positively and significantly influenced by the internal control system. This research is expected to provide an understanding to LPDs throughout the Kintamani District that the internal control system has a role and purpose in improving financial performance.

The Effect of Financial Literacy on the Performance of Financial Statements
Based on the results of the research described above which shows that partially Financial Literacy (X2) has a positive and significant effect on financial performance (Y) on LPDs in Kintamani District, with a parameter coefficient value of 0.105, a t-statistic of 3.783 (> 1.960), and significance level of 0.001<0.05. Thus H2 in this study is accepted.

Financial literacy helps someone to improve one's level of understanding to deal with financial problems which makes it possible to process financial information and then make the right decisions about financial problems. The financial literacy possessed by LPDs in the Kintamani District will be able to improve this financial performance in accordance with the opinion of Nurmala, et al. (2021) Financial literacy is the skill to separate financial issues and financial alternatives, without feeling bothered to make decisions in everyday finances or economic events. The findings of this study are in line with research by Darmawan, et al., (2021) which found that an adequate understanding of good financial management will have implications for the financial performance of an organization. Likewise with research conducted by Budiasni, et al., (2022) which shows that there is a positive effect of financial literacy on financial performance. Therefore it is important for LPD

Leaders to understand how financial literacy affects the financial performance of SMEs in terms of money management, debt management, savings and credit as well as future financial planning. Good financial literacy means that the management of LPD financial performance will also be good. This is because the good financial knowledge of LPD leaders will support their ability to manage and make financial decisions, so that financial problems can be controlled. A good understanding of financial literacy will have an impact on improving the financial performance of LPDs. Therefore, the Kintamani District LPD requires LPD leaders to understand various skills related to budgeting, financial management, investment by following a *workshops* or financial training. With the knowledge and skills possessed by the LPD leadership, it can enable the making of the right financial decisions, so that financial literacy has a role in improving the financial performance of the LPD.

The Effect of Organizational Culture on Financial Performance

Based on the results of the research described above which shows that partially Organizational Culture (X3) has a positive and significant effect on financial performance (Y) on LPDs in Kintamani District, with a parameter coefficient value of 0.274, a t-statistic of 3.538 (> 1.960), and significance level of 0.001<0.05. Thus H3 in this study is accepted.

Organizational culture binds the LPD administrators who work within it to behave in accordance with the existing organizational culture. If this understanding is drawn into an organization, then a set of norms has become a culture within the organization so that administrators must behave and behave in accordance with the existing culture without feeling forced. The existence of culture within the organization will become the glue and guide of all public organization policies and operational demands for other aspects of the organization.

This is in accordance with the findings of Fauzi & Nugroho (2020) organizational culture is a habit that has been going on for a long time and is used, and is applied in life work activities as one of the drivers to improve the quality of performance of company employees and managers. This means that if the organizational culture is good, financial performance will improve. Research conducted by Putra, et al., (2020) states that organizational culture has a positive effect on financial performance. Organizational culture is a system that is believed to be learned and applied and then continuously developed within the organization and used as a guideline for behavior for its members to overcome problems that exist within the organization that are oriented towards achieving the goals or results set (Adnyana, 2019).

The organizational culture applied to LPDs throughout the Kintamani District is a culture of transparency. The application of the principle of transparency to the LPD can provide disclosure of information regarding the condition of the LPD, while the application of the principle of accountability to the LPD can increase the trust of village residents in the management of the LPD. The application of the principle of responsibility to LPDs can have an impact on the growth of LPDs by complying with all existing regulations. The implementation of independence in the LPD can reduce conflicts of interest in the management of the LPD thereby increasing the trust of village residents in the LPD manager. The application of the principle of fairness to the LPD can give village residents fair rights based on the principles of fairness and equality. With the concept of a culture of transparency, it will increase public trust in LPDs,

4. CONCLUSION

Based on the results of the processing data above, it can be concluded that this research is about the Impact of Internal Control, Financial Literacy, and Organizational Culture on Financial Performance at LPD in Kintamani District, namely: *Internal Controls* has a positive and significant effect on the financial performance of the LPD in Kintamani District. So, the financial performance of LPD Kintamani District is increasing. Financial literacy has a positive and significant effect on financial performance at LPD in Kintamani District. So, the more financial literacy increases, the more financial performance will increase in the LPD in Kintamani District.

Organizational Culture has a positive and significant effect on financial performance at LPD in Kintamani District. So, the better the organizational culture, the financial performance of the LPD Kintamani District will increase.

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