



Implementation of *Catur Purusa Artha* in Village Credit Institution's Financial Management

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Abstract

This study delves into the implementation of *Catur Purusa Artha* in managing the finances of Village Credits Institutions. Defining *Dharma* as adherence to rules, *Artha* as the pursuit of profits, *Kama* as efforts towards development, and *Moksha* as endeavors for harmony with stakeholders, the research explores these principles across 40 Village Credit Institutions (LPD). Data, collected through questionnaires and analyzed using frequency distribution techniques, provides insights into the incorporation of these concepts. Triangulation strengthens findings through comparisons with in-depth interviews of two LPD informants outside the sample group. The results reveal that all respondents implement the *Catur Purusa Artha* concept. However, a nuanced analysis highlights areas for improvement, specifically in lending activities and product development. This study indicates a fusion of traditional and modern management approaches within LPDs, showcasing a dynamic blend of principles that contribute to their financial management. These findings offer valuable insights for enhancing the effectiveness of Village Credit Institutions by addressing specific areas requiring attention and emphasizing the coexistence of traditional and contemporary management practices in LPDs.

Keywords: *Catur Purusa Artha*; financial management; village credit institution; spiritual management

INTRODUCTION

The success of microfinance institutions (MFI) in reducing poverty has become an attraction for the development of MFIs in developing countries (Zheng & Zhang, 2021). The purpose of MFI is to provide financial

products to poor households which sometimes can not provided by formal financial system. Reaching out to the poor is typically more expensive than providing financial services to more affluent consumers through traditional commercial banks. Poor clients may

dwelling in rural areas, making it more expensive to provide them with financial services due to greater transaction costs. In sum, giving formal financial services to poor households might be more expensive compared to giving the same services to wealthier households (Hermes & Hudon, 2019). There are two main goals of MFI, being socially and financially sustainable. Being socially sustainable requires MFIs to contribute to improving the well-being of the poor, which is more expensive, while remaining financially sustainable.

Seeing the roles of MFIs in alleviating poverty, many developing countries adopted this idea and thus established the MFI in rural areas. One of the microfinance institutions in Bali is the Village Credit Institution or in Indonesian called *Lembaga Perkreditan Desa* (LPD). Based on Bali Province regulation Number 3 Year 2017, LPD is a microfinance institution owned by the *Desa Pekraman* or a cultural village. A cultural village is a traditional village that has separate areas and assets and is managed based on local culture. LPD aims to improve the village economy by providing credit to the members of the cultural village. LPD operates by collecting funds from villagers who have funds and then

channeling them in the form of loans to villagers who need them.

Culture refers to the combined comprehension of human knowledge, beliefs, art, ethical practices, and customs gained through implicit education and socialization in society (Joseph & Kibera, 2019). The combination of cultures among LPD members will create LPD culture. LPD is a financial institution that has a socioeconomic function, as well as a religious-cultural function. LPD operations have similarities with other microfinance institutions, but a striking difference can be seen in the objectives of the LPD, which is to prosper the members of the cultural village. Another difference is that the ownership of the LPD is not divided into shares but is wholly owned by the cultural village. The regulations binding on the LPD are outlined in the rules created by the cultural village. The operational area of the LPD is a rural area that is part of the cultural village area. The fact that the ownership and regulations binding the LPD are owned and made by the cultural village, means that the management of the LPD cannot be separated from the cultural values espoused by the cultural village itself (Trisnawati et al., 2021). Humans who can internalize their religious teachings will apply their religious teachings in their actions

(Darmayasa & Aneswari, 2016). In other words, the activities of the LPD including its management cannot be separated from the cultures surrounding the members of *desa pakraman*.

One of the key concepts in Hinduism beliefs which are applied by the members of *desa pakraman* is PurushArtha, or in Bali known as *Catur Purusa Artha*. *Catur Purusa Artha* next abbreviated as CPA is the four goals of human life that consist of *Dharma*, *Artha*, *Kama*, and *Moksha*. The *Nitisastra* book reveals that all human actions are purposed to achieve the four main goals of life, namely *Dharma*, *Artha*, *Kama*, and *Moksha*. *Dharma* can be defined as something that regulates or maintains the world. *Dharma* can also be defined as truth, rules, and laws that govern how humans behave to achieve their goals in life. Obtaining *Artha* and *Kama* in a way that deviates from *Dharma* will not give them happiness.

Artha is more focused on wealth. It should be underlined that *Artha* is not the main goal, *Artha* is a means to achieve *Moksha*. In the *Brahmana Purana*, it is stated “*Dharma* is closely related to *Artha*, *Dharma* does not oppose *Artha* itself (but controls it). *Artha* must be able to be divided into three parts, one part is used for *Dharma*, one part is used to fulfill

Kama, and the last part is used to get wealth back. Wealth must be obtained based on *Dharma*, if it is obtained based on *Adharma* then stains and sins are obtained.

Kama can be interpreted as the spirit of life to achieve victory and success in this life. Sarasamuscaya sloka 12 mentions if *Artha* and *Kama* are demanded, then *Dharma* should be done first. Moksa is the highest goal of Hindus which means release or freedom. Moksa can also be interpreted as mukti or nirvana (heaven). CPA teaches that achieving the highest human goal can be achieved through wealth and success (as a tool) which should be obtained through ways that do not break the law and are honest and true. *Moksha* in a simple sense is the attainment of spiritual happiness and worldly happiness (Putra, 2017).

Pasek & Trisnawati (2019) showed in their research that individual’s *parahyangan* concept will affect their accounting fraud behaviour. Individual with higher *parahyangan* concept have smaller tendencies to do accounting fraud compare to individual with lower *parahyangan* concept. *Parahyangan* concept define as harmonization relation between human and Ida Sang Hyang Widhi Wasa/Brahman. In CPA, harmonisazion of human and and Ida

Sang Hyang Widhi Wasa/Brahman is moksa, the highest goals of human.

Paradila et al. (2022) explore the *karma phala* concept as moderating variable in the influence of love of money and machiavellian on fraud. They showed that higher consciousness of *karma phala* moderating the willingness to conduct fraud. Another research attempt to explore Hinduism concept conducted by (I. P. M. J. . Putra & Narsa, 2022). This reserach attempt to explore *Catur Bratha PeNyepian* concept and Triple Bottom Line theory and enviromental accounting. The research conclusion is Bali has long adopted a balanced traditional management, which emphasize on harmonius relations between human and god (*parahyangan*), between humans and humans (*pawongan*), and between humans and nature (*palemahan*)

The Hinduism concept increasingly gaining attention from scholar in business practice. More and more research incoporated Hinduism concept in the business research such as finance and accounting. This might be due to the universality of Hinduism concept and it can be applied in corporate level and promote more sustainability business practice.

Financial management is closely related to how managers achieve company goals through investment

activities, funding activities, and wealth distribution activities to company owners. The purpose of the company is to increase the wealth of the owner. This concept is based on western culture. Western culture places more emphasis on individualism (Hofstede, 1983). The individualism-collectivism dimension is the degree to which society integrates with other societies. Individualism occurs when the level of human integration in society is low, and humans prioritize their interests. Collectivism occurs when the level of integration in their environment is high, and community members are expected to prioritize the interests of the family, or group, where they are. The individualistic environment creates a view of I, me, my, wealth as the end goal, and business is used to create individual wealth. While The collectivist creates, we, us, our environment. Wealth is not the final goal but merely a tool to achieve the final goal, business is used to produce community prosperity (Gupta, 2016).

The concept of CPA in financial management has received attention from several scholars, but not many. Previous studies (Trisnawati et al., 2019); (Suartana & Jati, 2017); and (I. G. H. . Saputra & Yasrawan, 2021) have tried to link CPA with various

aspects of management, including financial management.

Pasek & Trisnawati (2019) try to investigate the relation between values of CPA as non financial aspect, capital structure as financial aspect toward LPDs performance. The result shows that value of CPA positively affect both capital structure and LPDs performance. Capital structure also positively affect LPDs performance. Suartana & Jati (2017) using experimental study tries to investigate the effect of local values ie Tri hita Karana and CPA on risk management of Saving and Loan Cooperative in Badung regency. The result shows both Tri Hita Karana and CPA individually strengthen the risk management of Saving and Loan Cooperatives. (I. G. H. . Saputra & Yasrawan, 2021) investigate the effect of self-efficacy and locust of control on cooperative performance with CPA culture as moderating variable. Result shows self efficacy and locust of control positively affect cooperative performance, while CPA culture only moderating relation between self-efficacy towards performance.

There is difference in the definition used in previous studies to defined the CPA. Previous studies define *Artha* as obtained financial targets with efficient operation and *Kama* as efforts to increase customer

satisfaction. This defenition might not be allign with CPA that emphasize both *Artha* and *Kama* have to be obtained in the ways that do not violate the regulation or harms others in the process. Moksa is the harmonization of two goals of LPD: socioeconomic which is increasing the financial inclusion in rural area thus alleviate poverty while maintaining profitability and religious cultural which is preserving the local culture. Previous studies have not defined CPA concept in the LPD's financial management activities, which is divide into collecting and distributing fund from and to the cultural village members. In other words, this research tries to investigate the implementation of CPA in the overall activities of LPD, using a new perspective which is combining both modern view and spiritual view within financial management.

Based on discussion above this research tries to investigate the implementation of CPA on LPDs financial management which consists of governance activities, fund collecting activities, distribution of credits, development activities, and distribution of profit.

LITERATURE REVIEW

In Hinduism, CPA can be defined as the way to achieve one's goals. CPA can be defined as proper and correct

actions to achieve human's final goal. CPA consists of *Dharma* (righteousness), *Artha* (prosperity), *Kāma* (pleasure), and *Moksha* (liberation). CPA are key concepts in Hinduism since it is describing the tools to achieve human's goal (Howladar, 2017).

In Hinduism, *Dharma* is the primary ideal for human life. The word *Dharma* comes from the root *Dhri*, which means to maintain or to hold together. *Dharma* includes religious obligations, personal obligations, moral obligations, and actions that support societal order and proper behavior. *Dharma* can be seen as a set of rules that maintain one's proper behavior. *Dharma* is the foundation and guiding principle (Bhatt, 2018).

Dharma concept in LPDs financial management activities can be seen as collecting fund, credit distribution and distributing profit activities are fair and according to regulation.

The second goal of human life is *Artha*. There must be a search for appropriate means to meet human needs and aspirations, both individual and collective. These include all human and material resources. contribute to the development of human potential. The total of all such means is known as *Artha*. *Artha* denotes the monetary and material

aspects of human life. Wealth, career, financial security, and economic prosperity are all examples of *Artha*. However, all means are not to be included in the definition of *Artha*. Only appropriate and legal means are referred to as *Artha*. Lawful acquisition to meet legitimate needs, rather than greed, is *Artha*. As a result, *Artha* must be guided and regulated by *Dharma*. The criteria for selecting *Artha* are appropriateness and legitimacy. *Artha* is the foundation for worldly life as a source of income and is required for the development of human potential. It is essential for *Dharma* and *Kama*. It is also a means of spiritual development. As a result, *Artha* is only a means to an end, not the end itself. By properly managing *Artha* in terms of both human and natural resources. They are distributable and shareable, and we must all share them for our mutual benefit. Our capacity to enjoy them has a limit, and we should not hoard them beyond that limit (Bhatt, 2018).

In the pursue of financial result, LPDs must planted the idea that profit obtained through ways that do not harm others and according to the regulations.

Kama is the third goal of human life. *Kama* refers to pleasure, in a narrower sense *Kama* means sexual desire, but in a broader sense, *Kama* refers to desire. *Kama* means to enjoy

pleasure, and having financial security, the next step is to use the money for one's comfort (Howladar, 2017) *Kama* is a creative impulse. It sparks action. The creative urge has two components. The first is motive, and the second is intention. Motive must be pure, and only *Dharma* regulation can ensure this. To enjoy the *Kama* in a balanced and legitimate manner intentions must be spiritualized by cultivating a detachment attitude (Bhatt, 2018).

Similar to *Artha*, *Kama* concept in LPDs financial management achieved by the efforts to developing financial products suitable to the needs of village members, while abiding the regulations.

The last goal of human life is *Moksha*. *Moksha* has been crucial in the development of Indian cultural ethos and value pursuits. It is regarded as the goal of human life, focusing on the nature and destiny of the self. It has been thought of primarily in terms of human longings and inspirations, and thus any formulation of a theory or point of view about *Moksha* necessitates a thorough understanding of human nature and its relationship to total reality (Bhatt, 2018). *Moksha* means liberation, and realization of the self and it's the ultimate destination of human birth (Howladar, 2017). According to Hindu

beliefs, true liberation occurs when the individual soul recognizes itself as the source of all phenomenal existence, known as Brahman. *Moksha* is the inner realization that the individual self is identical to the supreme self. *Moksha* is a concept related to the birth-rebirth cycle. This concept saw human life as bondage to a repeated process of rebirth. This chain of repeated rebirth and life, each life subject to injury, disease, and aging, was viewed as a cycle of pain. The suffering associated with this cycle was also ended by breaking free from it. This liberation was known as *Moksha*, in other words become one with the supreme being.

The interpretation of moksa concept in financial management is harmonization between the goals of LPD itself. The more prosperous the village members will increase consumption, generate more business opportunities (Hermes & Hudon, 2019) which will ultimately increase the profits of the LPD while maintaining their local cultures.

The CPA Concept is perhaps more fundamental because it defines the ultimate goals of human life that give it meaning and significance. In Hindu Philosophy, all four components of CPA are important, but in cases of conflict, *Dharma* is considered more important than *Artha* or *Kama*, If



Figure 1. Conceptual Framework

Dharma is ignored, *Artha* and *Kama* profit and pleasure lead to social chaos, respectively. While *Moksha* is regarded as the last goal of human life.

With the expanding scope of the field of management, new issues such as environmental concerns, sustainability, and well-being have gained prominence (Biswas, 1998); ((Marakath, 2014) and the concept of spirituality in management has gained acceptance as a result. As a result, ideas from the field of spirituality/consciousness studies have gained prominence, and the concept of spirituality in management has gained traction (Sharma, 2019) CPA can be implemented at the organizational level (Rahyuda et al., 2019). Individuals and organizations both have their own goals and require guidance or regulation in their pursuit of wealth and fulfilment of their needs. In the organizational level, companies need to be profitable to grow, but its business process must be compliant with the law. Companies will achieve

their goal of maximizing shareholder value by doing so (Warnerfelt, 1984) ((Ningsih & Budiarta, 2022). In other words, pursuing *Artha* and *Kama* in business processes that align with *Dharma* will lead to *Moksha*. The concept is shown on Figure.1

Stakeholder theory is a view that emphasizes the relationship between the company and customers, suppliers, employees, and investors who have interest in the company. Companies should create value for stakeholder, and not just focus on shareholders. The next question what value is required by stakeholders. Value can be defined as anything that is considered to have potential or significance in the eyes of the stakeholder (Harrison & Wicks, 2013). One of the important values for the village community and the purpose of Village credit institution is improving the village economy thus creating shared prosperity.

Both Resource Based View and stakeholder theory emphasize value.

The resource-based view emphasize values that can enhance competitive advantage, while stakeholder theory emphasize value that are important to stakeholders. CPA can be used as company value that will be differentiate a company with others. Thus creating competitive advantages and will creates value for the stakeholder

METHOD

The LPDs in the Sarbagita area were studied, which includes Denpasar City, Badung, Tabanan, and Gianyar Regencies. The total LPD in Sarbagita registered with the Bali Province LPLPD was 664. The selection of the research location was based on the consideration that the LPDs in the Sarbagita area had the largest amount of total assets, highest profitability and the largest amount of credit distributed compared to other districts in Bali Province. Samples were taken using a random sampling technique of 10 LPD

from each observation area. Data collection techniques were carried out in two ways, namely using LPLPD reports for the year 2021, and distributing questionnaires to the respondents.

For exploring the concept of CPA in LPD's business process, it must be able to define how the concept of CPA is related to the financial activities of the LPD. *Dharma* is defined as compliance with the regulations created by cultural village and the government, *Artha* is defined as profit, *Kama* is defined as the LPD's efforts to grow and develop, and *moksa* is the LPD's efforts to align goals as a cultural, religious, and socio-economic institution. Table 1 shows the relationship between the concept of CPA and the LPD's financial management.

The research respondents were 40 respondents from 10 LPDs in Denpasar City, Badung Regency, Gianyar Regency and Tabanan

Table 1. Purusartha Concept and LPD Financial Management Practise

Purusartha	LPDs Financial Management Practices
Darma	Compliance with lending, raising funds and distributing LPD profits with applicable regulations, both village regulation, regional regulations, and other regulations.
Arta	Businesses process to obtain profits that do not violate regulations, and harm others
Kama	Efforts to develop LPD in a way that does not violate the rules and harm others
Moksa	Efforts to balance the religious cultural functions and the socio-economic functions of the LPD.

Regency. Respondents' answers were then analyzed using a frequency distribution with three classifications. The list of questions is grouped into 5 groups which include (1) LPD Management Aspect consists of seven question items, (2) LPD Credit Distribution consists of six question items, (3) Fundraising from the Community consists of five question items, (4) Development of LPD consists of four question items, and (5) profit sharing consists of two question items. Before the data is analyzed, the results of the questionnaire will be tested for validity and reliability using r count. If r count is greater than r table then the data is said to be valid. Reliability testing uses Cronbach's Alpha, with the criterion that if Cronbach's Alpha is greater than 0.6 then the data is reliable. Data that has been tested for validity and reliability will be analyzed using frequency distribution analysis with the formula.

$$C = \frac{(a - b)}{K}$$

Were,

C = frequency distribution range

a = highest value

b = lowest value

K = number of classifications

To strengthen the research results, this study also conducted data triangulation by conducting in-depth interviews with informants from

outside the research sample. The informants used to conduct in-depth interviews were one LPD head who was not the research sample, and one LPD supervisor who was in the research sample. The purpose of conducting in-depth interviews is to ensure the suitability of the data obtained from the distribution of questionnaires with the actual reality.

RESULTS AND DISCUSSION

Respondent Characteristic

Respondent of the research are manager of LPDs in Sarbagita area which are Denpasar City, Badung region, Gianyar region and Tabanan region. From each city/regions randomly selected 10 respondent to representate the area. This method producing 40 repondent. The demographic feature of the respondent consist of 79,36% respondent age above 40 years old, 20,51% between 30 to 40 years old, and 2,56% respondent age under 30 years old. 74,36% are male and 28,21% are female.

Educational back ground dominate by under graduate totalling 51,28% respondent, 41,03% respondent are graduate from high school, 5,13% respondent obtain master degree, and 2,56% repondent with diploma 3 programme. 87,18% respondent have work in LPD for 5 years and more, 10,26% has work for

2 to 5 years, and 5,13% has work for under 2 years.

95% of LPDs employee came from village where the LPD was founded, in other word most of LPDs employee are member of the village community. 100% LPDs employee were Hindu's. 67,5% of LPD stated that they have costumer from outside the *pakraman* village, both in lending and depositing activities, while the remaining 32,5% stated they only served *pakraman* villagers. The type of credit provided include business and consumption loans, but there are 17,5% LPD that provide other than business and consumption. Figure 2 shows LPDs profit/loss for the year of 2021 for Bali Province.

Validity and Realibility

Before conducting further analysis, the questionnaire need to be valid and reliable. Testing the validity of the questionnaire's revealed two invalid question items: question four on the topic of lending and question three on the topic of fundraising shows

the calculated *r* values of 0.295 and 0.147, which are both less than the *r* table of 0.304 for a sample of 40 with a significance level of 0.05. To address this issue, invalid questions in the questionnaire are dropped or removed. The *r*-count was recalculated after the invalid questions were removed from the questionnaire, and all question items were found to be valid. The next step is to conduct a reliability test after the research question has been declared valid. Cronbach's Alpha is used to assess reliability. The Cronbach's Alpha value was 0.92, which was greater than the set value of 0.60, indicating that the questions used in this study were reliable.

Implementation of CPA on LPDs activities

The first analysis conducted to investigate the implementation of CPA on LPDs governance. The analysis of frequencies distribution is shown on table 2. Based on the established criteria, it can be concluded that all LPD fully apply the CPA concept in LPD

Table 2. Implementation of CPA on LPDs Governance

Criteria	Value Range	Score	Percentage
Fully Implemented	$26 \leq MP \leq 35$	40	100
Implemented but not fully	$17 \leq MTP \leq 26$	0	0
Not Implemented	$7 \leq TM \leq 17$	0	0
Total		40	100

governance. All LPDs are governed by cultural village regulations, complying with local government regulations which show that LPDs are managed according to *Dharma* principles. The existence of risk management and having a supervisory body is a form of implementing the principles of *Artha* and *Kama*. Financial reporting is carried out to the community as an application of moksa, harmonization between the LPD as a traditional village business entity and the surrounding environment. The results of in-depth interviews also support this result. The LPD in its activities is always guided by regulations, both regulations from the government, customary village regulations, and customary village regulations to meet harmonious relations between all stakeholders.

This result align with Putra & Narsa (2022) which attempt to explore Catur Bratha PeNyepian concept and Triple Bottom Line theory and enviromental accounting. Their conclusion, which stated Bali has long adopted a balanced traditional management, which emphasize on harmonius relations between human

and god (*parahyangan*), between humans and humans (*pawongan*), and between humans and nature (*palemahan*). Implementatiton of CPA on LPDs governance emphasize harmonius relation between LPD and village member, *Pakraman* village. And local goverment.

The second analysis of CPA implementation in LPD's activities are in lending activities The result showed that out of 40 LPDs, 35 LPDs or 87.5% have applied the CPA principle in lending, and 5 LPDs or 12.5% have implemented CPA but not fully as shown on table 3.

LPD is a financial institution whose activities are regulated by local regulations. In various regional regulations or governor regulations regarding LPD, not one clearly regulated the procedure for credit, including the interest rate used. Credit distribution also shows the same thing, there are customers at several LPDs who come from outside the traditional village. Customers from outside traditional villages have potential risks if the credit default.

Table 3. Implementation of CPA on LPD Lending activities

Criteria	Value Range	Score	Percentage
Fully Implemented	$22 \leq MP \leq 30$	35	87,5
Implemented but not fully	$14 \leq MTP \leq 22$	5	12,5
Not Implemented	$6 \leq TM \leq 14$	0	0
Total		40	100

Each traditional village that has customers from outside the village has implemented a guarantor system, whereby customers from outside the traditional village will be given credit if there are local villagers who provide guarantees. The effort to expand the credit provided is seen as an attempt to develop the LPD, but this business also violates the principle of *Dharma*, the solution is to develop the credit products, only 17 LPD or 17.5% of the 40 LPD respondents have products other than business and consumer loans. Developing credit product can be seen as *Kama*. Understanding the needs of village member will benefit both the village member and LPD. Fishermen might have different credit product compare to farmer thus creating an opportunity to develop more diverse credit product.

The results of the interviews show that not all LPDs apply the same credit analysis. LPD administrators who are also customary village residents who in their customary activities often interact with customers so that sometimes the LPD management already has information about the character, capabilities and collateral that the customer has. In the interview, a very interesting word emerged, namely "rase". Rase can be defined as a feeling or instinct that will be well honed over time and

internalized from CPA concept. *Rase* is not a feeling of pity but how the LPD management decides that the provision of credit must be in accordance with the rules, not potentially detrimental to the LPD, but can help the customer's funding needs. Management by "*Rase*" can be defined as balanced traditional management stated by Putra & Narsa (2022).

Awig-awig is the only legal basis for LPD activities. In order to protect the consumer, managing the LPD professionally is a must and not only depend on awig-awig (Saputra et al, 2019). In their research Suputra et al (2019) investigate various factors affecting LPDs bankruptcy in Buleleng regency. While their finding shows that regulations does not affected LPDs bankruptcy, regulation needed to guide the LPD management in their lending activities. Combining both practise of traditional management and modern management while following the rules can create competitive advantages that will lead to satisfaction of the stakeholders. The third analysis conducted to investigate CPA implementation in fund collecting activities. As shows in Table 4 all 40 LPD respondents, all of them have implemented *Dharma*, *Arta* and *Kama* in the process of collecting funds. One thing that needs to be underlined is that the rotation of collector is an

important matter in implementing *Kama*, which are not implemented in fund collecting activities. Collectors who are not rotated pose a risk of embezzlement of public deposits which can adversely affect public trust. Public trust in LPDs is very important for the development of LPDs in the future thus monitoring mechanism is a must.

Monitoring mechanism in LPD performed by internal monitoring board. The role of internal monitoring board are crucial to boost public trust. Suputra et al (2019) conclude that internal monitoring is important to prevent LPDs Bankruptcy. Well perform internal monitoring board suggest the depositer that their saving or deposit are manage in a good care, hence increasing trust to LPDs.

Table 4. Implementation of CPA on LPD fund collecting activities

Criteria	Value Range	Score	Percentage
Fully Implemented	$19 \leq MP \leq 25$	40	100
Implemented but not fully	$12 \leq MTP \leq 19$	0	0
Not Implemented	$5 \leq TM \leq 12$	0	0
Total		40	100

Source: processed data

Table 5. Implementation of CPA on LPD development activities.

Criteria	Value Range	Score	Percentage
Fully Implemented	$15 \leq MP \leq 20$	39	97,5
Implemented but not fully	$9 \leq MTP \leq 15$	1	2,5
Not Implemented	$4 \leq TM \leq 9$	0	0
Total		40	100

Source: processed data

Table 6. Implementation of CPA on LPD's profit distribution

Criteria	Value Range	Score	Percentage
Fully Implemented	$7 \leq MP \leq 10$	40	100
Implemented but not fully	$5 \leq MTP \leq 7$	0	0
Not Implemented	$2 \leq TM \leq 5$	0	0
Total		40	100

Source: processed data

Table 7. Implementation of CPA on LPD’s Financial Management

Criteria	Value Range	Score	Percentage
Fully Implemented	$47 \leq MP \leq 65$	40	100
Implemented but not fully	$30 \leq MTP \leq 47$	0	0
Not Implemented	$13 \leq TM \leq 30$	0	0
Total		40	100

Source: processed data

The fourth analysis are to investigate implementation of CPA on development activities. Table 5 shows the implementation of CPA in LPD’s product development. 39 LPDs (97.5%) stated that they had implemented CPA in LPD development, while 1 LPD (2.5%) stated that they had partially implemented CPA in LPD development. Regional regulations require that LPD profits be used for development funds of 5%, but the type of development is not specified. LPDs' products remain traditional in terms of both credit and deposit products. Loans and deposits are available, including business and consumer loans, as well as savings and time deposits. Development of product can be viewed as an effort to create LPDs with lower risk than expanding the credit range.

LPDs management competency is one of the key factors in developing LPD. Increasing competency will lead to increased general knowledge, and skill, that needed to perform task more efficient and effectif. LPDs development are tightly corelated to managent competency (K. A. K.

Saputra et al., 2019) Increasing Management competency will lead to better understanding of their village member needs thus create more diverse financial product that will increase LPDs profit and the sustainability.

The fifth analysis was carried out to assess the impact of CPA implementation on profit distribution. According to Table 6, 40 LPDs, or 100%, have implemented profit distribution based on the CPA concept.

All LPDs are mandatory to distribute their profit according to Bali Province regulation Number 3 Year 2017, which divided LPDs profit into 5 items as follow: 60% for capital reserve, 20% for development and Village community empowerment, 10% for the management, 5 % for social fund, anf 5% for LPDs empowerment.

Profit sharing is based on regulation of local government and is also used for social activities in cultural village, such as religious activities and improving the life quality of cultural village members.

Implementation of CPA on LPDs Financial Management

The sixth analysis was carried out to assess the CPA implementation on LPDs financial management. Table 7 shows the combined score of the Application of CPA on lending activities, fundraising activities, and profit distribution activities. The results show that out of 40 respondents, 40 LPDs (100%) have implemented CPA in LPD financial management. LPDs are financial institutions with a unique purpose. In its activities, granting credit is the most important and toughest decision that must be made by LPD management. LPD administrators must be able to make decisions on granting credit that will benefit the LPD but must also be able to improve the welfare of the village community. The use of modern management alone is not enough to achieve this goal, so a sense is needed. Rase emerged from the internalization of the concept CPA by LPD's management. The combination of modern management and Rase management means that the

This research only used Sarbagita area as research sample, hence the result might be only applicable on Sarbagita area. Future research might be broaden the area by increasing the population or the number of sampel obtained. Future

LPD customer is not an object of income, but a partner of the LPD, to develop the progress of traditional villages.

CONCLUSION, IMPLICATION AND LIMITATION

This research tries to investigate the implementation of CPA in LPD's Financial management, in general, it was found that all respondents or 40 LPDs has implement CPA concept in LPD financial management. Deepen analyses showed that in lending and product development activities need more attention due to lack of regulation provided by either the cultural village or local government. *Dharma* or rules are the basis of how human behavior is expected. The same can be applied to LPDs. Without rules, efforts to seek profit and development will become uncontrollable. The regional government of the Bali province as the regulator should make regulatory products that can regulate LPDs so that they can develop and achieve their goals, while protecting the people who are LPD customers.

research can be addressed to investigate if the implementation of CPA can affect LPD performance using the definition used in this research. Future development and refinement of the definition of CPA can also be explored. Another possibility of

developing this research is refining the concept of Good Corporate Governance using CPA as guidance toward to sustainability practise in company. Future research might employ CPA as sustainable financial performance analysis.

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