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### Application of Good Corporate Governance Principles Based on Catur Purusa Artha in Village Credit Institutions

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#### ABSTRACT

*This study aims to comprehensively describe the application of the principles of Good Corporate Governance (GCG) based on the local cultural values of Catur Purusa Artha in the management of Village Credit Institutions (VCI) in Kerobokan Traditional Village, Bali. This study uses a qualitative descriptive approach with a single case study, involving the main informants such as the Customary Village, the Head of VCI, and the Internal Supervisory Agency as primary data sources. Data was collected through structured in-depth interviews based on indicators of transparency, accountability, responsibility, independence, and fairness according to GCG standards, contextualized with Balinese Hindu teachings through the concept of Catur Purusa Artha (dharma, artha, kama and moksa). The data analysis follows the Miles & Huberman interactive model with the stages of data reduction, data presentation, and conclusion verification. The results of the study revealed that most of the GCG principles have been effectively implemented in VCI Kerobokan with the integration of local cultural values as the foundation of operational ethics. Transparency is realized through information disclosure in customary village meetings; accountability is carried out by internal supervisory bodies; Independence is enforced through a collective consensus mechanism; fairness is reflected in the credit policy of small business priorities; and social responsibility based on dharma and moksa as moral guidelines for institutional managers. However, there are significant obstacles in the remuneration system that are not fully fair and transparent according to individual contributions and limitations in the socialization of work plans to all indigenous capital owners due to limited human resources and communication media.*

#### 1. INTRODUCTION

The Village Credit Institution (VCI) is one of the microfinance institutions that has a strategic role in the economic development of indigenous village communities in Bali. VCI functions as the main source of financing for micro, small, and medium enterprises (MSMEs) as well as the socio-economic activities of the local community (Merta et al., 2021; Sarmawa et al., 2020). The existence of VCI is very important because it is able to bridge the capital needs of rural communities, which are often difficult to reach by formal financial institutions such as conventional banks (Haykal et al., 2024; Kosasih & Hendrawan, 2016).

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Therefore, good governance in VCI is the main key to maintaining the sustainability of its social and economic functions. Good Corporate Governance (GCG) as a set of principles for the management of companies or institutions in a transparent, accountable, responsible, independent, and fair manner is needed to ensure that fund management in VCI runs effectively and efficiently and can be accounted for to all stakeholders (Kusumawati et al., 2024; Suidiana et al., 2022; Werastuti, 2022). However, in practice, various obstacles are still found, such as weak internal supervision systems and suboptimal remuneration mechanisms for administrators, resulting in unfair distribution of work incentives and limited communication between management and indigenous capital owners. This has the potential to cause irregularities in the use of funds to threaten the sustainability of the institution (Junaedi et al., 2022; Kusumawati et al., 2023; Mahaputra et al., 2021; Pradnyawati et al., 2024; Rejeki et al., 2024; Santosa et al., 2020)

In addition to the technical aspects of modern governance, Bali has a wealth of local culture in the form of noble Balinese Hindu values contained in the concept of Catur Purusa Artha, namely dharma (moral obligation), artha (prosperity), kama (desire), and moksa (liberation), which are holistic living guidelines for individuals and communities. These values not only regulate human relationships with God but also relationships between fellow humans and the surrounding environment in a harmonious and balanced manner. (Astuti & Aprianti, 2021; Stuart, 2021). The integration of these cultural values into GCG practices is believed to strengthen the ethical foundation while increasing the effectiveness of the governance of traditional organizations such as VCI in order to not only pursue material gains but also the social-spiritual welfare of local indigenous communities (Purnamawati & Adnyani, 2020; Yuliasuti et al., 2024)

Previous research shows that applying GCG principles without local cultural context often fails or faces community resistance. This is because people see such approaches as contrary to customary norms. In contrast, a governance model based on local wisdom creates a sense of belonging among stakeholders. This encourages active participation in both decision-making and the daily operations of customary village policies (Kusumawati et al., 2024; Suidiana et al., 2022; Werastuti, 2022).

However, empirical studies on how the integration of Purusa Artha Catur values is concretely applied in Good Corporate Governance governance in community-based microfinance institutions are still minimal, especially case studies in the Bali region, such as VCI Kerobokan, one of the most prominent examples of customary village financial institutions in Badung Regency. Based on this background, this research is essential to provide a comprehensive overview of the mechanism for implementing GCG principles based on Balinese Hindu cultural values, as well as identifying the challenges of their implementation, so that recommendations can be formulated for improving the governance system for the sustainability of the socio-economic function of VCI as a pillar of empowerment of indigenous village communities. Based on this urgency, the focus of this research is formulated in the form of the following questions:

RQ: What is the mechanism for implementing the principles of Good Corporate Governance (GCG) based on the cultural values of Catur Purusa Artha at the Kerobokan Village Credit Institution (LPD), and what challenges are faced in its implementation?

## 2. LITERATURE REVIEW

### **Good Corporate Governance (GCG)**

Good Corporate Governance (GCG) is a framework of principles and practices that aims to ensure that companies or institutions can be managed in a transparent, accountable, responsive, independent, and fair manner for the benefit of all stakeholders (Astini & Yadnyana, 2019; Kusumawati et al., 2024; Sujana et al., 2022). According to Werastuti (2022), GCG includes five main principles, namely transparency, accountability, responsibility,

independence, and fairness. The implementation of GCG not only improves organizational performance but also strengthens public trust in the institution. In the context of microfinance institutions such as VCI operating in the Balinese indigenous community, the implementation of GCG must be adjusted to the local socio-cultural characteristics so that governance is not only administratively effective but also culturally accepted by the capital owning community. This is in line with the view of stewardship theory, which emphasizes the role of managers as community servants with high moral responsibility for common welfare (Davis et al., 2018).

### **Catur Purusa Artha Concept**

Catur Purusa Artha, a Balinese Hindu philosophy, sets out four human goals: dharma (moral/ethical duty), artha (prosperity), kama (enjoyment), and moksa (spiritual liberation) (Astuti & Aprianti, 2021; Purnamawati & Adnyani, 2020; Yuliasuti et al., 2024). This concept guides ethics and daily living for Balinese Hindus, including resource management.

In VCI governance of traditional villages in Bali, integrating Catur Purusa Artha values adds new dimensions to conventional GCG principles. Fund management then considers not only material gains but also social and spiritual responsibilities to the community and surrounding nature. Research (Pradnyawati et al., 2024; Purnamawati & Adnyani, 2020; Yuliasuti et al., 2024) shows that applying dharma values, for example, encourages administrators to act with integrity and a sense of moral responsibility.

### **Village Credit Institution (VCI)**

VCI is a local financial institution based in customary villages in Bali that has the primary function of providing savings and loan services for members of the indigenous village community as an effort to empower the local economy. The uniqueness of VCI lies in its integration with the socio-cultural system of traditional villages through traditional rules (*awig-awig*) and the involvement of indigenous leaders in the organizational structure. According to previous research by (Suciptawati et al., 2019; Sudibia et al., 2017; Wiagustini et al., 2023; Wirasedana et al., 2024; Yazid et al., 2024), the success of VCI is highly dependent on the quality of its internal governance, including the supervision mechanism by the internal supervisory body as well as the active participation of the capital ownership community in the strategic decision-making process.

### **Integration of Local Cultural Values in Organizational Governance**

Various studies have emphasized the importance of integrating local cultural values as the foundation of organizational governance, especially in traditional community-based environments, so that governance runs effectively and gains social legitimacy from the members of the community. For example, research by Santosa & Wibowo (2019) found that the application of customary norms such as *awig-awig* is able to strengthen internal control mechanisms so as to minimize the risk of mismanagement of funds. In Bali, especially the governance model based on Hindu teachings through the concept of Catur Purusa Artha provides a unique approach where the spiritual aspect becomes an integral part of the managerial process, so that a balance is created between material-economic goals and moral-spiritual goals of the organization.

## **3. RESEARCH METHOD**

This study uses a qualitative descriptive approach with a single case study method that focuses on Village Credit Institutions (VCI) in Kerobokan Traditional Village, Bali. The qualitative descriptive approach was chosen because it allows researchers to explore in depth

the social phenomena and practices of institutional governance based on the perspective of the actors and the cultural context (Sugiyono, 2016). The case study provides a space to understand the dynamics of the application of Good Corporate Governance (GCG) principles that are integrated with the values of Catur Purusa Artha in a contextual and holistic manner (Lexy, 2017).

The research location was chosen purposively because VCI Kerobokan is one of the traditional village microfinance institutions that has implemented a governance system based on Balinese Hindu culture. The main informants in this study include Bendesa Adat as a traditional stakeholder, the Head of VCI as an operational manager, and members of the Internal Supervisory Board who are tasked with supervising the implementation of the policy. The data collection technique was carried out through structured in-depth interviews based on indicators of transparency, accountability, responsibility, independence, and fairness according to GCG standards from the Financial Services Authority (OJK), which were contextualized with Balinese Hindu teachings through the concept of Catur Purusa Artha.

In addition, participatory observation of routine meetings and analysis of official documents such as SOPs of customary institutions (*awig-awig*), annual activity reports, and job descriptions of administrators are carried out. Data analysis follows Miles & Huberman's interactive model, which consists of three main stages: data reduction to filter out important information; presentation of data in the form of narratives or tables for easy analysis; and verification of conclusions through triangulation of data sources to increase the validity of findings (Lexy, 2017). Thus, this method is able to produce a comprehensive picture of how GCG principles are effectively implemented within the framework of local cultural values.

## 4. RESULTS

### Data Exposure

The research data were obtained through in-depth interviews with the Chairman of the VCI of the Kerobokan Traditional Village (N1) and the Chairman of the Supervisory Board of the VCI of the Kerobokan Traditional Village (N2), Badung Regency. The interview focused on the practice of applying Good Corporate Governance (GCG) principles and the integration of local cultural values, especially Catur Purusa Artha, in the management of VCI.

### Analysis Process

This research began by conducting interviews with resource persons about the governance practices that occur in VCI Kerobokan, and also the cultural and customary values involved in the system and practice of governance at VCI Kerobokan. The question regarding governance practices refers to the main guidelines for the implementation of good governance principles published by the National Committee for Good Corporate Governance Policy (KNKG) and research conducted by Setyawan and Putri (2013). In addition to interviews, observations were also made during the implementation of quarterly meetings at VCI Kerobokan, which were attended by representatives of the village *krama*, as the owner of VCI. Documents related to governance practices are *pararem pangele*, VCI activity reports, job descriptions and standard operating procedures (SOP). Then the content analysis of the document was carried out. Overall, the stages of analysis of this research refer to Cresswell (2014), namely: preparing the data that has been obtained for analysis, reading the data as a whole, coding the data, describing the data, representing the description and theme in the form of a qualitative narrative and ending with making an interpretation.

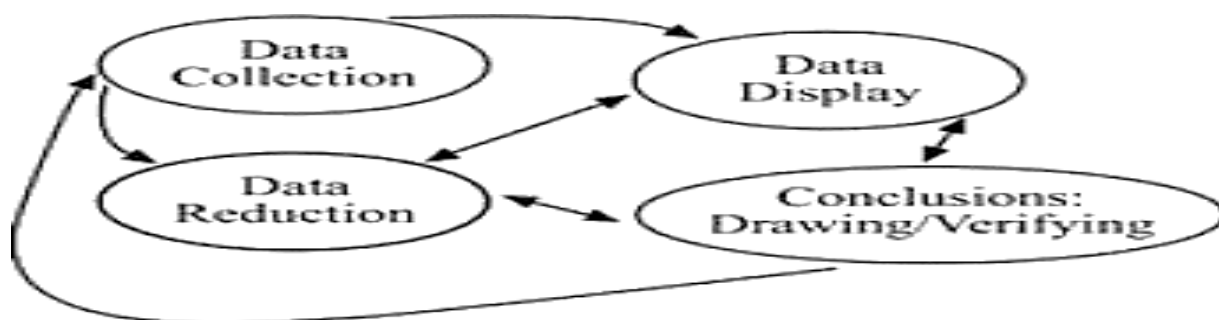


Figure 1. Analysis Interactive Model from Miles and Huberman (Sugiyono, 2019)

The data were analyzed using the Analysis Interactive model from Miles and Huberman. The data analysis process starts from data collection, data reduction, data presentation, and drawing conclusions or verifying data. (Sugiyono, 2019). The interview is recorded with an audio recorder and then converted into an interview transcript. Informants are given the code Narsum1 to Narsum2 to maintain the principle of anonymity and make the preparation of reports more efficient.

### **Catur Purusa Artha as the Basis of Business Activities of Village Credit Institutions (VCI)**

Based on the results of an interview on October 2, 2023, at the Kerobokan Traditional Village VCI, according to the statement of N1, as the Chairman of the Village Credit Institution (VCI) of Kerobokan Traditional Village, in carrying out his business activities, the Kerobokan Traditional Village VCI is based on the principle of Purusa Artha Catur.

"That VCI business activities are business activities that are not only socio-economic but also cultural-religious. So that VCI's business activities have goals that are in line with the goals of Hinduism. The purpose of Hinduism, as formulated since the Vedas began to be revealed, is "Moksartham Jagadhitaya ca iti Dharma", which means that religion (dharma) aims to achieve spiritual happiness and well-being of physical life or happiness in birth and mind. This goal is mentioned in detail in the Purusa Artha Catur, which is the four goals of human life, namely Dharma, Artha, Kama, and Moksa. The concept of Catur Purusa Artha, which is used as the basis of the Village Credit Institution (VCI) of Kerobokan Traditional Village in carrying out its business activities, is sourced from Hindu law, which is sourced from the Vedic Holy Book".

The same opinion was also conveyed by Mr. N2, as the Customary Village as the Supervisor of VCI, in an interview conducted on October 3, 2023, related to the basis of VCI activities.

"That in general, the formulation of VCI governance will be tied to local cultural values, namely Catur Purusa Artha. Good governance practices are also one of the foundations for organizational sustainability. In implementing the elements of Catur Purusa Artha in VCI's business activities, it can be explained that Dharma is the main basic element of VCI in carrying out its business activities. In business activities carried out by VCI, it must always be based on Dharma, namely goodness. After practicing the Dharma or goodness in carrying out his business activities, God Almighty will bestow his blessings in the form of Artha to his people who have practiced his teachings. Artha, in this case, is in the form of practicing the teachings of the Dharma or goodness. Only then will VCI emphasize its business activities on the profit aspect of the savings and loan business, which is carried out, especially in terms of providing credit to the community, which will provide benefits in the form of interest. After the Artha aspect, which is the second goal, is fulfilled, the next is the Kama aspect, which is lust or desire or fulfillment of life needs in the form of clothing, food, and board. So with Artha, Kama or Desire will be able to be fulfilled with the profits obtained by VCI in its business activities can help the community in community life, such as helping village funding in carrying out village development, helping the community, both inside and outside the village by providing loans, for example, for business purposes, sending their children to school, and other needs. After the three aspects above have been achieved, the fourth or last aspect is Moksa. Moksa means happiness. With the business activities carried out by VCI, it is hoped that it can help the economy of the village community, ease the burden of life of the village community so that the burden of

community life is lighter. Where later the community will feel happy and happy because some or all of their needs have been met properly".

Governance practice from the perspective of Catur Purusa Artha.

VCI, as a financial institution that has a micro scale and is based on indigenous communities in Bali, uses cultural values based on Hindu teachings in the governance that is implemented. Good governance practices in general are in accordance with the guidelines issued by the KNKG in 2006. Previously, it has also been explained that VCI has an operational scope in Bali Province, which specifically has cultural values that are different from those of other regions. One of the cultural values that serves as a guideline in ethics and behavior in Hindu religious teachings in Bali is the purusa artha Catur. Purusa artha Catur is closely related to the existence of resources in VCI. These cultural values are used as one of the bases for governance at VCI Kerobokan.

### **Implementation of Good Corporate Governance at VCI Kerobokan**

Good corporate governance increases customer and client trust in VCI (Saputra & Kurniawan, 2017). The implementation of effective corporate governance will avoid wrong decision-making and selfish activities, thereby increasing the value and financial performance of VCI. VCI is regulated according to the customary law of each village, namely through awig-awig or pararem of Pakraman village. Through customary law or awig-awig from each pakraman village, each VCI administrator must be able to manage VCI by forming a formulation of good business governance, in the form of policies as a guideline for running VCI businesses. According to Dewi (2017), the implementation of good corporate governance is able to increase the competitiveness of VCI, maximize the value of VCI, and be able to manage resources and risks more efficiently and effectively, which will ultimately strengthen public trust so that VCI businesses can operate and grow sustainably in the long term.

The concept of good corporate governance serves to foster customer trust in the VCI itself (Saputra & Kurniawan, 2017). The implementation of good corporate governance will prevent mistakes in decision-making and self-serving actions, so that it will automatically increase the value of VCI, which is reflected in its financial performance. Good corporate governance provides a structure that facilitates the determination of the vision and mission of the VCI and is a means to choose performance monitoring techniques. Good corporate governance also provides a guarantee that profits and security for funds invested in VCI will not be embezzled by VCI managers (Setyawan & Dwija Putri, 2013). In this study, VCI Kerobokan Traditional Village has implemented the principles of good corporate governance in accordance with the spirit of Catur Purusa Arta. The principles of good corporate governance implemented in VCI Kerobokan Traditional Village are explained as follows:

### **The practice of Transparency from the Perspective of Catur Purusa Artha**

Transparency is needed in maintaining objectivity in running an organization. The existence of VCI administrators who are chosen to manage VCI will provide opportunities for moral hazards or conflicts of interest. However, the management of VCI Kerobokan feels that the opportunity to manage this VCI is a mandate and has a big responsibility, so information must be presented properly and openly.

One of the principles used to manage VCI Kerobokan is satya, which is that employees are expected to be able to uphold the principles of truth (dharma), loyalty and responsibility. VCI Kerobokan routinely holds meetings, which consist of meetings every month, every three months, semester and annually. During the meetings, all information related to influencing decision-making was also explained, in addition to being conveyed about the report on the source and use of VCI Kerobokan's finances.

The meeting provided an opportunity to express suggestions and opinions openly, and decision-making was taken by means of consensus deliberation between meeting participants. The written regulation that regulates VCI Kerobokan uniquely as an entity belonging to a customary village is the pangele pararem. One of the goals of the Pangele

Pararem is to maintain the continuity of the performance of the Kerobokan VCI so that it continues to run properly and correctly, so as to create happiness for the entire community of the Kerobokan Traditional Village. Information about the agreement was also conveyed openly, as well as providing education to the krama, so that later it is hoped that there will be a uniform understanding of the agreement made between VCI and the village krama as VCI customers. Conveying information about the condition of VCI to the village community through a quarterly routine meeting by inviting Kerobokan Village officials. As mentioned by the informant N1:

"Good corporate governance is a structure, whether it is the owner represented by the supervisory body, or the owner is a customary village, the coordination of the meeting must be carried out regularly. Regular meetings are held every 3 months to represent the traditional villages. In the meeting held with the village, discussing what we need to reveal, the prajuru is also related to the community, and what issues are happening, we must discuss these issue. Existing issues to increase trust and convey the development of VCI as motivation, such as profits and problems".

The statement is also supported by the N2 informant, who said that.

"VCI always holds regular meetings for 3 months, represented by indigenous village communities to discuss VCI's achievements in that period." One of the indicators of the implementation of good corporate governance that can be seen by the public is the holding of regular meetings by VCI. This indicates that VCI has provided information disclosure to the public as the owner of VCI. As stated by the informant, "The implementation of GCG is the clearest indicator of a meeting; if there is no meeting, it means that the GCG is not good. If an organization has regular meetings, then it's good already, but if it never holds a meeting, it means that something is wrong. At the Kerobokan Traditional Village VCI, meetings involving village krama are held quarterly or once every 3 months."

At the quarterly meeting, the financial statements, discussions related to the problems faced by the Kerobokan Traditional Village VCI, and the activities that have been carried out by the Kerobokan Traditional Village VCI were discussed. In addition, the meeting also discussed issues that develop in the community related to VCI to increase public trust in VCI. The submission of this information aims to realize the principle of transparency as a form of accountability of the Kerobokan Traditional Village VCI to the community.

### **Accountability practice from the perspective of Catur Purusa Artha**

The principle of accountability is one of the prerequisites to achieving a sustainable performance. VCI must also be managed precisely, correctly, measurably, and in accordance with the interests of VCI and other stakeholders. VCI Kerobokan has implemented an integrated bookkeeping system to improve its internal control system. In the Panggale Pararem, it has been seen that the involvement of Hindu religious values is applied in the regulations governing VCI Kerobokan. Ethics are regulated in VCI based on the principle of dharma, which is because good deeds are believed to bring good results as well. Customary involvement also helps to increase accountability practices that occur in VCI, and is used as a way to minimize the risks that can be experienced by VCI Kerobokan. The submission of financial statements in meetings is also a form of accountability carried out by VCI Kerobokan. The funds contained in VCI Kerobokan are village krama funds, so VCI management feels very responsible. Therefore, risk management is carried out involving several levels of VCI management. VCI, as a credit institution, has credit risks that must be managed in order to maintain business continuity. VCI Kerobokan always tries to improve accountability practices, one of which is related to employee performance. Currently, VCI Kerobokan has developed a performance-based remuneration system, so that each employee is expected to be responsible for their performance. Sanctions against employees are also regulated in the Pangele Pararem and other regulations, such as employee administration. The sanctions regulated are not only limited to VCI employees, but also the Kerobokan village customs. The sanctions are in the form of verbal warnings to permanent dismissal, according to village customs.

Accountability is the clear determination of company functions, structures, systems and responsibilities so that company management can run more effectively (Emirzon, 2016). In the organizational structure of VCI, Kerobokan Traditional Village is able to implement VCI policies and strategies to achieve the goals set by VCI. This is in accordance with Narsum1's statement:

"In the organizational structure of the VCI of the Kerobokan Traditional Village, it has been explained about the description of the duties, responsibilities and authorities of each organ. We are also here to work based on the standard procedures that have been set. Regarding human resource competence, VCI Kerobokan Traditional Village has used the services of consultants to improve human resources.

Performance assessment at VCI Kerobokan Traditional Village still uses a group incentive system because the work system still uses a gotong royong or teamwork system, so that it does not take into account the individual performance of each employee.

### **Practice of responsibility from the perspective of Catur purusa artha**

The existence of this principle of responsibility does not make VCI Kerobokan only focus on achieving profits, but also think about contributing to its environment. The activities carried out must also be based on applicable regulations so that it is expected to achieve long-term sustainability. The practice of responsibility is inseparable from dharma. Employees who work at VCI Kerobokan have a motivation in work, namely, their work is carried out as a form of ngayah or working sincerely for the development of the Kerobokan Traditional Village. Work based on dharma is expected to be able to produce VCI that is always beneficial for the village community. At the end of each period, VCI profits are not only distributed to VCI administrators, but there is a profit percentage of 20% which is returned to the Kerobokan Traditional Village in the form of customary village development funds, and 5% is used as social funds. VCI Kerobokan not only contributes to economic life, but also to religious and cultural life.

The Kerobokan village krama is expected to have an understanding of the contributions that have been made by the Kerobokan VCI so that they can increase loyalty to the Kerobokan VCI as an institution owned by the customs. The VCI management also pays attention to the principle of prudence because the funds managed are village krama funds. Good decision-making methods have been regulated in SOPs and pararems and are expected to be carried out properly and not harm village customs. The highest achievement of the existence of a VCI is to be able to improve the welfare of the village people. Currently, VCI Kerobokan is considered to have succeeded in improving the welfare of the Kerobokan village community in the economic, social, and cultural fields. This was also conveyed by the Kerobokan Traditional Village. Responsibility is the compliance of an organization to carry out organizational responsibilities to comply with laws and regulations in business management and carry out responsibilities to the community and the environment so that the business can run in the long term (KNKG, 2006).

According to the Narsum1 informant, in carrying out operational activities, the VCI of the Kerobokan Traditional Village has complied with government regulations and customary laws that regulate the VCI. This is in accordance with the statements submitted by the informant during the interview, which are as follows:

"VCI is regulated in Bali Provincial Regulation Number 3 of 2017 concerning VCI, then Bali Governor Regulation Number 44 of 2017, then customary village awigs, then customary village pararem about VCI. All VCI operational activities refer to all these rules."

The form of responsibility of VCI Kerobokan Traditional Village with its stakeholders is to carry out CSR programs through development funds and social funds, as explained by the Narsum 2 informant as follows:

"The contribution given to the community is a motivation, because the community, if they do something, they must get the benefits that are called in the Balinese language labda, not only in

material terms, but also in terms of community. VCI contributes through village development and empowerment, as well as through social funds. This has been regulated in the Governor's Regulation, namely the Village Development and Empowerment Fund of 20% of the profit and the Social Fund of 5% of the VCI profit."

### **The practice of independence from the perspective of Catur purusa artha.**

VCI must be managed independently so that each VCI organ does not dominate the other, and its authority is not interfered with by other parties. Every decision taken must be based on dharma and receive input from parties who are considered competent to realize welfare and development in the traditional village. Although the existence of VCI is regulated based on customary law, VCI must not be regulated in ways that deviate from the applicable laws and regulations. Some of the decisions made at VCI Kerobokan are always discussed to prevent excessive dominance of the decision, so that decisions can be more objective.

VCI Kerobokan always tries to realize independent management by separating rooms so that it facilitates coordination and internal meetings per section that are carried out regularly. Each section already has a job description that is regulated in the job description of VCI Kerobokan, so that there is no transfer of responsibility or dominance. There are several decisions taken involving the components of the customary village because there is an impact that can directly affect the customary village. All coaches, administrators and supervisors, as well as VCI employees, can be involved by providing suggestions and opinions in order to realize objective decisions and have a positive impact on the community of Kerobokan village. In the VCI organization, the Supervisory Board has a role in maintaining the principle of independence because the VCI Supervisory Board is an independent body and does not have material interests in the VCI. This is in accordance with the statement of the Narsum1 informant :

"We who manage ourselves process our own funds. The existence of GCG, especially the structure of the internal supervisory body, village decisions, traditional banjar clans, and village clans, is very important."

The management of the VCI Kerobokan Traditional Village is not allowed to concurrently hold positions; this aims to prevent conflicts of interest. All sections in the VCI of the Kerobokan Traditional Village already have their respective duties and authorities in accordance with standard operating procedures. The VCI in the Kerobokan Traditional Village also has a separate room to facilitate coordination between the staff of each section and increase independence, as revealed by Narsum 2

"At VCI Kerobokan, there are separate rooms between sections to facilitate internal coordination in the section. Each section has its own duties and responsibilities according to the organizational structure."

VCI must be managed independently without being influenced by any party to be able to increase independence. The principle of independence in the VCI of the Kerobokan Traditional Village is manifested in the clear division of duties and rooms between sections so that they are not dominated by other parts, and no party can exert pressure or intervene. In addition, in the VCI of the Kerobokan Traditional Village, dual positions are also not allowed as an effort to prevent conflicts of interest that may arise.

### **The practice of fairness and equality from the perspective of Catur purusa artha**

VCI must pay attention to the interests of village krama as owners and other stakeholders. The fairness and equality in question are the existence of equal opportunities for stakeholders in expressing opinions, and on the part of employees related to the work performed, in order to realize a good governance practice. The practice of fairness and equality can be seen during the observation of the quarterly meeting, which provides equal opportunities for all representatives of the village krama who are present.

The meeting held by VCI Kerobokan provides the same opportunity for representatives of village krama to submit questions, suggestions and constructive criticism. These representatives of the krama have the belief that, as representatives of the krama, they must

give the best for the welfare of the krama. This is manifested by giving questions, suggestions and criticism. The existence of profits (artha) obtained by VCI Kerobokan is also distributed fairly and evenly in accordance with the provisions of the pangele pararem. One of these practices is seen in the distribution of profits evenly to each banjar to carry out their traditional activities. One of the manifestations of community welfare is providing equal opportunities for every village krama to become employees at VCI Kerobokan. Becoming a VCI employee is expected to improve economic life in Kerobokan Village. Each village krama has the same opportunity and goes through the same recruitment stages, namely the administrative stage, written exam, intelligence test (IQ), health test and interview. The principle of fairness implemented at VCI Kerobokan Traditional Village, through interviews with informants, namely VCI Kerobokan Traditional Village, serves customers always, and provides the same service to all customers regardless of social status.

"In providing services to customers, we always provide maximum service to all customers regardless of social status." In addition, the principle of fairness applied by VCI Kerobokan Traditional Village is to provide equal opportunities to the people of Kerobokan Traditional Village who follow VCI to express opinions and provide constructive input and criticism to VCI Kerobokan Traditional Village. According to the results of the interview, the percentage of profit generated by the VCI of the Kerobokan Traditional Village has been distributed equally to each banjar in the Kerobokan Traditional Village. VCI Kerobokan Traditional Village provides equal work opportunities for all people of Kerobokan Traditional Village in accordance with the competencies and qualifications needed through several tests to find out their competencies, as expressed by the informant. "In recruiting employees at VCI Kerobokan, it is open to all people of Kerobokan Village who want to work at VCI, as long as they are in accordance with their competencies and go through a series of required tests."

The principle of fairness and equality is how a company or organization is able to provide fair treatment in fulfilling the rights of its stakeholders.

## 5. CONCLUSION

This study concludes that the application of the principles of Good Corporate Governance (GCG) in the Kerobokan Village Credit Institution (VCI) has been running effectively with the integration of Balinese Hindu local cultural values through the concept of Catur Purusa Artha. The principles of transparency, accountability, responsibility, independence, and fairness are applied in the management of institutions with a strong ethical foundation from the teachings of dharma, artha, kama, and moksa. However, there are obstacles in the remuneration system that are not completely fair and the limitation of socialization of work plans to the capital community due to limited human resources and communication media.

### Limitation

This study has several limitations that need to be considered in the interpretation of the results and the application of the findings. First, the study used a single case study approach on Village Credit Institutions (VCI) in Kerobokan Traditional Village, so that the results are very contextual and cannot be generalized widely to all VCIs in Bali or other areas with different cultural characteristics. Second, the research data relies heavily on in-depth interviews with a number of key informants, such as the Customary Village, the Head of VCI, and the Internal Supervisory Agency. This has the potential to cause perception bias because the information obtained is subjective and limited to certain points of view. Third, limited human resources and research time limit the scope of field observations and documentation that can be done. Fourth, the complex socio-cultural dynamics of indigenous peoples may not be fully revealed through qualitative methods alone without the support of quantitative data or cross-regional comparative studies. Therefore, it is recommended that further research be carried out by expanding the study sample to various VCI in other regions and combining qualitative and quantitative methods to obtain a more comprehensive picture of the implementation of Good Corporate Governance based on local cultural values.

Based on these findings, it is recommended that VCI Kerobokan revise the remuneration system to be more fair and transparent according to individual contributions so as to increase management motivation. In addition, it is necessary to optimize the use of digital communication media to expand the socialization of work plans to all traditional village stakeholders so that community participation can increase. Further research is also recommended to conduct comparative studies between VCI in various regions to test the generalization of this governance model based on local wisdom.

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