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Evaluating local wisdom's impact on financial success: social capital in building economic resilience during covid-19

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ABSTRACT

This research examines the factors supporting the success of financial performance based on local wisdom and social capital as a role in building a people's economy during the COVID-19 pandemic. Respondents in this study were Village Credit Institutions (LPD) throughout Bali. The technique of taking respondents in this study uses the Non-Probability Sampling technique with the method used purposive sampling, which means that the respondent's sampling technique is based on specific criteria such as 1) LPD health status, 2) level of capital owned. Calculating the determination of respondents using the Slovin formula with the calculation results of 100 respondents. The data that is processed is primary data through surveys by distributing questionnaires which are then analyzed using Amos Ver.23.0 software with Structural Equation Modeling (SEM) analysis techniques. The results of this study indicate that partially accounting control variables, leadership style, and organizational culture have a significant positive effect on social capital. Other findings include accounting control, leadership style, organizational culture, and social capital having a significant positive effect on financial performance.



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Introduction

Bali is one of the famous tourist destination islands; since the COVID-19 pandemic spread worldwide, including Indonesia and Bali, from the end of 2020 until now, it has impacted the suspended of life and the glitter of the tourism business. The condition leading to this bankruptcy prohibited foreign and domestic tourists from entering Bali. The comfortable atmosphere and image of the tourist destination that meets the expectations of tourists greatly influence a person's decision to travel (Paludi, 2016; Sangkaeng et al., 2015). Bali's economic income is 80 percent dependent on the tourism business and the rest from the agricultural and creative economy handicraft industries. Finance Minister Sri Mulyani said 40.67% of Balinese people experienced a decreased income due to the pandemic in 2020.

The Balinese people most severely felt the disaster and economic resilience test of the Balinese people during the COVID-19 pandemic. Previous outbreaks and non-outbreaks, such as the 2002 Bali Bombing I, the 2005 Bali Bombing II, and the unmitigated Sars and bird flu (2003) outbreaks, did not bring as severe suffering as the current COVID-19 pandemic. Tourism is an industry that is always in danger and is very vulnerable to global

changes and events that can even be very sensitive and fragile (Henderson in Bratić et al., 2021). Learning from the domino effects of the COVID-19 virus outbreak on the economy and realizing tourism business is a sensitive business to the issues and phenomena of outbreaks, natural disasters, and criminal disturbances, stakeholders such as local governments, city governments, other village officials and community in each district of Bali has the determination to survive the community's economy by re-energizing other sectors which have been begotten due to tourism blessings. These other sectors are trade, agriculture, fisheries, plantations, animal husbandry, and non-tourism service businesses. On the other hand, the rise of business ventures except the tourism business creates business opportunities for growth. It strengthens the role of Village Credit Institution, abbreviated as LPD. (Suartana, 2013), LPD is the only microfinance institution owned by indigenous communities with a typical Balinese economic system. Village financial institutions have received national and international recognition as microfinance institutions.

LPD is one of the village-level customary institutions. Its existence has significantly contributed to the traditional village's customs. Krama is a community group located in an indigenous village (Firmansyah, 2019). An indigenous village is a unit of government managed by an indigenous law community that has the right to govern the territory (Urayat rights) and community life in a typical village environment. LPD is not only valuable for its function but also creates jobs. Based on the explanation of Regional Regulation Number 2 of 1988 and Number 8 of 2002 concerning LPD, the purpose of establishing LPD in all general villages is to improve rural communities' saving habits to develop the village economy or community to achieve economy advance. To support lending to SMEs, eliminate exploitation in credit relationships, and create equal business opportunities: village-level activities and increased profitability in rural areas. The national economy is an economic system that must be embraced under our philosophy of justice, economic democracy, and loyalty to the national economy (Meliala & SH, 2023).

The growth and development of LPD are inseparable from the formal legal based on local wisdom issued by Bali regional government such as regional regulations and strengthened by Awig-awig Desa (Customary Village Regulations), which are highly respected by the local village community. On the other hand, it is a temporary conjecture that LPD's success is inseparable from the above external factors and internal supporters, such as accounting control, leadership style, and organizational culture. Another support for success because of local wisdom (Sibarani, 2012). Local wisdom is social wisdom or fundamental knowledge born from the noble values of cultural traditions that govern people's lives (Wiratmaja et al., 2021), including being able to withstand the onslaught of similar businesses from otherside, being able to adopt elements of a positive otherside business culture for progress, and controlling management with a sense of responsibility towards the village and trying to advance LPD's business for the community welfare. Another thing, which strengthens the existence of LPD, is the existence of social capital in the community.

Social capital is described as characteristic of social organizations, such as beliefs, norms, networks, etc., and can increase the efficiency of communities by enabling collective action (Tamboto & Manongko, 2019). Social capital includes institutional community trust with its society managers appointed by the community, the existence of a network of managing relationships with the community both formally and familially established in every activity, as well as the existence of social norms that society manager and community to formal rules or village awig-awig in the management of LPD must obey.

Research on the performance of LPD and its role in contributing to people's economic development has been carried out with various approaches, including: (Susila, 2016) Analyzing Village LPD Organizational Performance Factors in a Balanced Scorecard Perspective Approach found that financial perspectives, customer perspectives, learning and growth perspectives are factors that affect the performance of the Bali LPD organization, Internal financial performance analysis by analyzing financial information has been shown to predict poverty reduction. Another finding is that LPD's overall performance rating evaluated by the Balanced Scorecard method belongs to the reasonably good category with a score of 2089.13, at intervals of 1359-2716. On the other hand, (Sundarianingsih, 2014) found that LPD is not only a financial institution that stores and distributes funds to the public but also a financial institution that only operates as a financial institution with a social and religious spirit (Kristiana et al., 2017).

Researching the system's Internal control, organizational performance, and organizational culture, good corporate governance in LPD was found. Meanwhile, there is a positive and significant influence between the internal control system, organizational performance, and organizational culture on the implementation of good corporate governance, which is expressed with a significance level of 0.000 less than 0.05. (Kresnayana et al., 2020) found that the location of the internal control system and internal control positively affected LPD performance. Based on the background and results of previous research, the objective of this study is to investigate the impact of accounting control, leadership style, and organizational culture on the financial

performance of LPD in Bali. Additionally, the research aims to examine the moderating role of local wisdom and social capital in enhancing or diminishing financial performance for the development of a resilient people's economy in LPD Bali.

Method

During the course of this survey, a quantitative research approach was utilized. Quantitative research is utilized in order to investigate a certain sample. The method of sampling that is utilized is known as purposive sampling. The distribution of the questionnaire was carried out online using a Google Form. A link to the questionnaire was provided to the target sample, and the respondents were then responsible for filling it out on their own and independently. The characteristics of the respondents are being used to determine the sample, and these characteristics are as follows: a. the level of LPD Health; b. the amount of capital held. For the purpose of hypothesis testing, structural equation modeling (SEM) is utilized in conjunction with a causal-predictive approach. This technique places an emphasis on prediction inside statistical estimate models that are aimed to explain causal links (Hair et al., 2022). Research that examines predictive theoretical frameworks, has a complicated model structure with multiple constructs, and has a small population is another type of research that can benefit from the use of PLS-SEM (Hair et al., 2022). The application known as Amos Ver.23.0 was utilized in order to finish processing the data for this study.

Result and Discussion

Influence Analysis With SEM

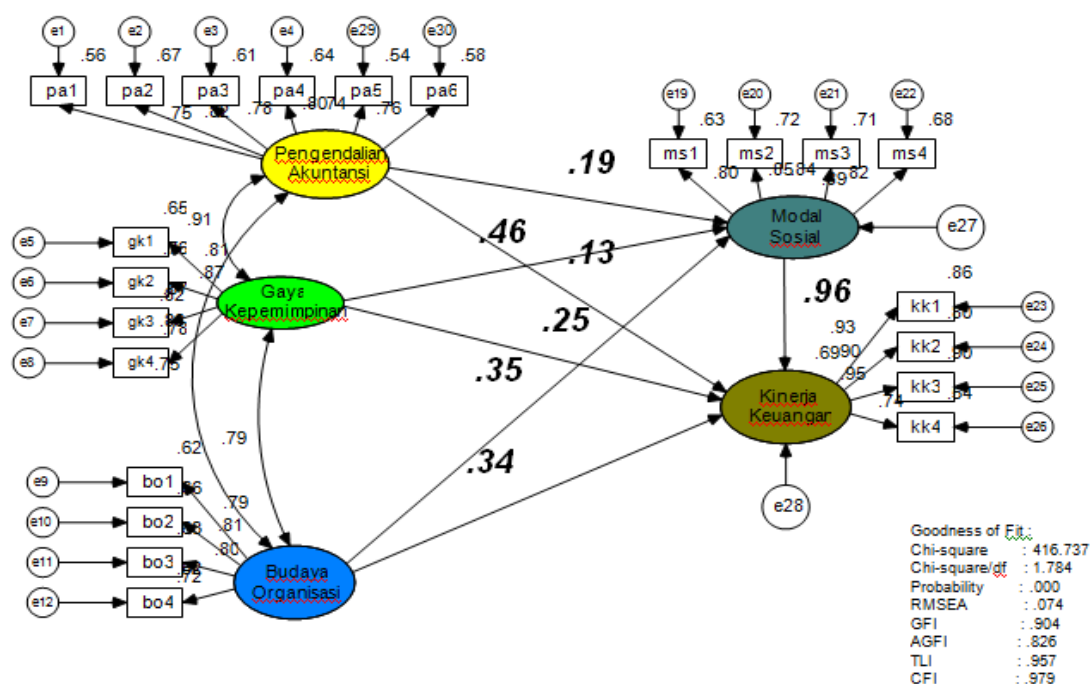


Figure 1. Accounting Control, Management style, and corporate culture related to financial performance during the COVID 19 Pandemic at Village Credit Institutions (LPD) in Bali with Social Capital as a Moderation. Source: processed by researchers (2021).

The data processing results are presented in the Complete Normalized Model image of the Structural Equation Model, as shown in the following Figure. Based on Figure 1, it can perform adaptive, structural, decisions, and measurement model analysis using lambda parameters to achieve the effect. Accounting Control, Management style, and corporate culture related to financial performance during the COVID-19 pandemic at the Village Credit Institute (LPD) in Bali with social capital as a moderation.

Evaluation of data normality

Analyze the normality of data to determine whether the data obtained and collected usually are distributed. To analyze the data's normality, skewness and kurtosis values were used. Analysis of the normal distribution is fundamental if the amount of data (n) < 100 (Demir, 2022). Normality-distributed data allows for parametric analysis. To assess normality, a Skewness test and a flatness test are performed. The Skewness test is used to see the asymmetry of data transmission, while the Kurtosis test is used to see the sharpness of data transmission. Suharyadi (2003:117), the data has a skewed distribution when the critical value (cr) gives a more significant skew ± 3.00 . The data has a large deviation when the critical value (cr) for kurtosis is more significant than > 3.00 . The data normality test is presented in the following table.

Table 1. Assessment of normality (Group number 1)

Variable	Min	Max	Skew	c.r.	Kurtosis	c.r
pa6	3.000	5.000	.108	.465	.940	2.023
pa5	3.000	5.000	.002	.010	-.154	-.331
kk4	3.000	5.000	.100	.429	.548	1.179
kk3	3.000	5.000	-.017	-.073	-.150	.322
kk2	3.000	5.000	.030	.129	.578	1.242
kk1	3.000	5.000	-.106	-.456	-.547	-1.176
ms4	3.000	5.000	.003	.012	.171	.368
ms3	3.000	5.000	.050	.213	.693	1.49.
ms2	3.000	5.000	-.009	-.037	.264	.568
ms1	3.000	5.000	-.046	-.198	.352	.758
bo1	3.000	5.000	-.040	-.172	.254	.545
bo2	3.000	5.000	-.006	-.026	.363	.782
bo3	3.000	5.000	.028	.121	.259	.557
bo4	3.000	5.000	.031	.135	.358	.771
gk1	3.000	5.000	.118	.507	.416	.894
gk2	3.000	5.000	.076	.328	.684	1.470
gk3	3.000	5.000	.148	.637	.389	.836
gk4	3.000	5.000	.074	.319	.562	1.209
pa4	3.000	5.000	.000	.001	.000	.000
pa3	3.000	5.000	.018	.077	.262	.564
pa2	3.000	5.000	.001	.004	.000	.000
pa1	3.000	5.000	.050	.215	.458	.986
Multivariate					241.201	39.100

Source: data processed by researchers (2021)

Based on Table 1, it can see from all the indicator variables that no indicator has a Skewness (cr) more significant than the indicator size of each variable (cr) ± 3.00 . This means that the data distribution is typical for all indicators of variables in terms of inequality (skewness). When measured by kurtosis (slimness), there is no indicator value (cr) > 3.00 . In the case of kurtosis (slimness), data distribution is typical for all indicators. That is, in terms of health, all indicators are qualified.

Test Analysis of Measurement Models with Lamparameters bda (i) λ

Parameter testing performs a lambda (i) parameter check. This test aims to determine the validity of each research criterion. To test the lambda parameter (i), a normalized estimator (regression weight) in the form of a load factor is used. Suppose the CR value $> t\lambda_{\text{table}} = 2,000$, as well as Probability ≤ 0.05 , then the load factor parameter lambda (i) is reported to be significant λ (Ferdinand, 2015). This means that the indicator is valid for measuring the corresponding variables. To test lambda parameters, Table 2 presented below includes *loading factor/lamdda (i)*, CR, and Probability (P). λ

From table 2, it can be seen that all indices of latent variables have a normalized estimate (regression weight) in the form of a load factor or lambda (i) > 0.50 , a critical value of CR > 2.00 and have a probability smaller than 0.05 (***). Therefore, all load factors or lam indicators dda (i) are valid/significant.

Table 2. Regression Weight (Lamda) Indicators of Accounting Control, Leadership Style, Organizational Culture, Financial Performance, and Social Capital

Variable			Unstandardized Estimate	Standardized Estimate	S.E	C.R.	P	Ket.
pa1	<---	pa	1.000	0.750				Valid
pa2	<---	pa	1.172	0.816	0.134	8.779	***	Valid
pa3	<---	pa	1.075	0.780	0.130	8.297	***	Valid
pa4	<---	pa	1.153	0.801	0.134	8.611	***	Valid
gk1	<---	gk	1.000	0.883				Valid
gk2	<---	gk	0.953	0.820	0.078	0.078	***	Valid
gk3	<---	gk	1.005	0.872	0.072	0.072	***	Valid
gk4	<---	gk	1.000	0.809				Valid
bo1	<---	bo	0.909	0.723	0.119	0.119	***	Valid
bo2	<---	bo	1.014	0.795	0.116	0.116	***	Valid
bo3	<---	bo	1.026	0.813	0.112	0.112	***	Valid
bo4	<---	bo	1.000	0.787				Valid
ms1	<---	ms	1.000	0.796				Valid
ms2	<---	ms	1.087	0.848	0.106	0.106	***	Valid
ms3	<---	ms	1.015	0.844	0.101	0.101	***	Valid
ms4	<---	ms	1.071	0.823	0.111	0.111	***	Valid
kk1	<---	kk	1.000	0.929				Valid
kk2	<---	kk	0.806	0.896	0.052	15.552	***	Valid
kk3	<---	kk	0.946	0.949	0.049	19.176	***	Valid
kk4	<---	kk	0.656	0.737	0.064	10.211	***	Valid
pa5	<---	pa	1.087	0.735	0.139	7.828	***	Valid
pa6	<---	pa	0.947	0.760	0.115	8.206	***	Valid

Source: data processed by researchers (2021)

The goodness of Fit Analysis

Based on the test criteria, Chisquare (2χ), Relative Chisquare (χ^2/df), RMSEA, GFI, AGFI, TLI, and CFI above, and the relevance of the Amos processing values for Windows version 23.0 as shown in Figure above, the following table can be applied:

Table 3. The goodness of Fit Evaluation

Goodness of Fit Index	Cut-of Value	Hasil Model	Keterangan
Chi-Square (χ^2)	Diharapkan Kecil	416,737	Kurang baik
Relative Chi-Square (χ^2/df)	$\leq 3,00$	1,784 ^{*)}	Baik
Probability	$> 0,05$	0,000	Kurang baik
RMSEA	$\leq 0,08$	0,074 ^{*)}	Baik
GFI	$\geq 0,90$	0,904 ^{*)}	Baik
AGFI	$\geq 0,90$	0,825 ^{**)}	Marginal
TLI	$\geq 0,95$	0,957 ^{*)}	Baik
CFI	$> 0,95$	0,979 ^{*)}	Baik

^{*)} Meet the *Goodness of fit*

^{**) Marginal}

Source: processed by researchers (2020)

Taking into account the cut-off values and fit models in Table 3 above, it can be seen that five criteria are met, and one is beyond the limit of the eight used. The criteria met are relative Chisquare ($2\chi/df$), RMSEA, GFI, TLI, CFI, and marginal criteria, namely AGFI, while other criteria are not good: Chisquare (2χ) and Probability. Since five criteria are met and one of the required eight, the above model can be declared a good model, so there is no need to modify the model (Solimun in Hazriyanto & Franky, 2015).

Analysis of Structural Equation Models

Model checking is carried out using regression coefficients for accounting control (X_1), leadership style (X_2), organizational culture (X_3), social capital (Z), and financial performance (Y) through table output from the view/set sub-menu. Based on the regression coefficient (regression weight) calculation, the results can be tabulated as shown in Table 4 below.

Table 4. Regression Weight IPhe Accounting Credentials (pa), Leadership Style (gk), Organizational Culture (bo), Social Capital (ms), And Financial Performance (kk)

Variable			Unstandardized Estimate	Standardized Estimate	S.E	C.R.	P	Ket.
ms	<---	pa	0.208	0.193	0.198	2.047	0.035	Signifikan
ms	<---	gk	0.439	0.457	0.190	2.306	0.021	Signifikan
ms	<---	bo	0.352	0.352	0.109	3.229	0.001	Signifikan
kk	<---	pa	0.197	0.135	0.159	0.549	0.583	Valid
kk	<---	gk	0.222	0.246	0.175	2.294	0.007	Signifikan
kk	<---	bo	0.331	0.340	0.147	3.206	0.002	Signifikan
kk	<---	ms	1.310	0.963	0.460	5.850	***	Signifikan

Source: processed by researchers (2021)

In Table 4, it can see that the effect of the accounting control variable (pa) on equity (ms) has a normalized estimate (regression weight) of 0.193, with Cr (the rate ratio = coinciding with the calculated value) 2.047 with a probability of 0.035. a CR value of $2.047 > 2000$ and probability = $0.035 < 0.05$ indicates that the influence of the accounting control variable (pa) on equity (ms) has a significant positive effect. The findings of this study are supported by (Suárez, 2017). The accounting control system can ensure that resources, assets, and capabilities are obtained and used effectively and efficiently in achieving strategic goals. It effectively facilitates the planning and monitoring of organizational activities and organizational performance. Companies with the best accounting control system can utilize superior technological knowledge and capabilities to develop new products and services, leading to higher product quality and performance. They have excellent value creation that can affect continued competitive advantage and tremendous success. Therefore, the accounting control system has a positive effect on value creation. On the other side of the research (Tabe, 2013), By building a culture of mutual trust between funders and users, and the verifiable characteristics of verifiable and reliable accounting information, it is possible to build a solid and efficient financial system. The information presented is based on a specific method and produces the same results when validated by independent parties using the same method.

The influence of the leadership style variable (gk) on social capital (ms) has a standard estimate (regression-weighted) of 0.457, with cr (critical ratio = equal to t-value) of 2.306 with a confirmation result of 0.021. A cr value of $2.306 > 2000$ and probability = $0.021 < 0.05$ indicates that the influence of leadership style variables (gk) on social capital (milliseconds) has a significant positive effect (Zulkifli, 2013). Public trust is inextricably linked to ethical and transformative leadership. The results of this study are supported by research (Eva et al., 2018). His research strongly supports the influence of transactional and transformational leadership on relevant aspects of social capital. His research also supports the Impact of transformational leadership on the cognitive aspects of social capital. This research does not support the influence of transformational leadership and transactional leadership on the structural aspects of social capital or the influence of transactional leadership on the cognitive aspects of social capital. These findings support research conducted by (Yulianti & Wuryanti, 2015). This status is reflected in high ethical and moral standards. He cares deeply about the needs of members, especially the community.

The Impact of the organizational culture variable (bo) on social capital (ms) is a standard estimate (regression weight) of 352, Cr (critical ratio = coinciding with the calculated value) of 3.229, and a probability of 0.001. A CR value of $3.229 > 2,000$ and Probability = $0.001 < 0.05$ indicates that the influence of the organizational culture variable (bo) on social capital (ms) is positively significant. The results of this study were supported by Deckop, Cirka & Andersson in (Liu et al., 2016), who found that reciprocity is closely related to mutual support between members and strengthening cooperation between members. In addition, they found that this reciprocal attitude also had a negative connotation, meaning that if a member did not receive help from another member, they could not help the other member either. On the other hand, it is supported by several studies that show the influence of organizational culture on social capital on several measures of performance such as executive compensation, quality of quality course modules, career advancement, application of knowledge, organizational sustainability, organizational innovation and economic benefit (Edy et al., 2013).

The effect of accounting-related control variables (pa) on financial performance (kk) is a standard estimate (return weight) of 0.135, Cr (critical value = equal to the t arithmetic value) of 0.549, and a probability of 0.583. A CR value of $0.549 < 2.000$ and Probabilities = $0.583 > 0.05$ indicates that the influence of the accounting variable (pa) on financial performance (kk) is positive and insignificant. The results of this research are the same as the research (Phomlaphatrachakom, 2020). Companies with efficient accounting control systems tend to provide quality accounting information and create business values by leveraging their resources and abilities to

improve their competitiveness and promote their continued success. The accounting control system can help guarantee reliability in accounting records and accuracy and integrity in preparing accounting information related to compliance with accounting regulations and make the review of official financial operations easier. On the other hand, (Nogueira & Jorge, 2017). Finding accounting controls explicitly protects the company's assets and resources directly and indirectly from losses resulting from fraud or accidental misconduct. Companies with an effective accounting control system can have credibility and validation of their financial information to facilitate managerial decision-making consistent with their strategic goals through achieving competitive advantage and organizational success. A researcher of Arfah in (Maliawan et al., 2017) also corroborates this research finding a positive impact on accounting management, risk assessment, implementation of telecommunications management activities, and partial or simultaneous monitoring of financial performance.

The effect of the leadership style variable (gk) on financial performance (kk) is 0.246 for standard estimation (regression weight), 2.294 for Cr (equal to critical ratio value = t arithmetic), and 0.007 for Probability. A CR value of 2,294 > 2,000 and Probability = 0.007 < 0.05 indicates that the influence of the leadership style variable (gk) on financial performance (kk) is positively significant. (Brown, 1992) observing that both leaders need to develop skills that allow the results of this research supported by Trisnadi. Djuanda (2016) stated that Leadership style has a positive and significant effect on financial performance. Different leadership styles can affect the effectiveness of an organization or the performance of an organization (Al Khajeh, 2018). Second, management styles positively and significantly impact management attitudes (NEPs) on environmental management issues. Second, the manager's attitude (NEP) to environmental management issues also positively and significantly affects financial performance. They change aspects of culture to improve organizational performance. This aligns with the view that leadership style positively impacts financial performance (Tran, 2017). Iriemi and Ugochukwu survey (2012) that leadership style positively affects company performance.

The effect of organizational culture variables (bo) on financial performance (kk) is a standard estimate (return weight) of 0.340, Cr (equal to the critical ratio value = calculation) of 3.206, and a probability of 0.002. A CR value of 3.206 > 2,000 and Probability = 0.002 < 0.05 indicates that the influence of the organizational culture variable (bo) on financial performance (kk) is positively significant. This research is supported by several researchers, such as Ozzie and Malelak (2015), who examined the influence of corporate culture and organizational commitment on the financial performance of financial companies in Surabaya. The research results show that applying organizational culture can improve the company's financial performance. In other words, organizational culture significantly affects the financial performance of financial companies in Surabaya. Other studies Johari research the Impact of corporate culture and organizational engagement on the financial performance of Malaysian organizations (Djuanda, 2016).

The results of his research show that corporate culture has a significant influence on the performance of a company. Kotter and Heskett also show that corporate culture significantly influences financial performance (Amah & Daminabo-Weje, 2013). Another supporting study by Daniel D Conant also found that organizational culture positively and significantly affects financial performance (Purwanti, 2020). Djuanda (2016) His research on the influence of organizational culture on financial performance through manager behavior on environmental management issues as an intervention variable shows a positive and significant influence between organizational culture and organizational culture on financial operations. Instilling organizational culture in the company will improve financial performance. The social capital variable (ms) against financial performance (KK) has a standardized estimate (regression weight) of 0.963, with Cr (Critical ratio = identical to the t arithmetic value) of 5.850 at Probability *** or identical to below 0.001. A CR value of 5,850 > 2,000 and Probability = < 0.05 indicates that the influence of the social capital variable (ms) on financial performance (kk) is a significant positive effect.

Some of the results of previous studies recommend that social capital influences economic and political phenomena. Arrow, Fukuyama, and Putnam in Glaeser et al., found that a strong level of trust in society can predict economic success (Roth, 2022). Metz & Tharenou found that social capital can help high-level female managers' promotion and career success (Choi, 2019). On the other hand, Penning and Witteloostuijn empirically found that social capital negatively affects the dissolution of a company describing the positive social influence of creation on the performance of a U-shaped company through the age and experience of the company (Helfat & Martin, 2015). The findings of this study identify that empirically and theoretically, the availability of social capital influences organizational or individual performance.

The concept of social capital is currently developing. The development of this concept is based on the understanding that social capital has an impact on performance. Van Bastelaer extensively explores the findings of social capital and the performance of credit programs in developing countries (Sirven, 2015). In summary, his

research shows that one of the critical determinants of the success of loan programs in many developing countries is the close relationship between borrowers and the sources of funding (staff) of microfinance institutions. If the lender has a close relationship with the borrower, the role of that personal bond is an essential factor in ensuring that the loan will be repaid. Similar studies have been conducted abroad, including by Ito in Asgha (2017) at several Grameen Banks in Bangladesh. Ito found the positive Impact of social capital on the performance of Grameen Bank, which allows for solid social interaction between bankers and customers to reduce customer defaults (Asgha, 2017).

The same was reported by Jain, which found that one of the keys to the successful financial performance of Grameen Bank is the culture of management, one of which is the intensive socialization interaction between directors and customers, facilitating an increase in customer payment motivation (Subaki in Misanam, 2023).

Measurement Model Analysis with Determination

An analysis of measurement models follows this to determine the Impact of accounting control (X_1), leadership style (X_2), and organizational culture (X_3) on social capital (Z) and financial performance (Y). Analysis of measurement models with determination helps to determine the magnitude of the contribution of variables. For this reason, quadratic correlation multiples are used. The magnitude of the Correlation of multiple squares can be seen in the following table:

Table 5. Squared Multiple Correlations: (Group number 1 - Default model)

	Estimate
ms	.887
kk	.687

Source: processed by researchers (2020)

Square Multiple Correlation, whose values are 0.887 and 0.687, respectively, as shown in Table 5. According to (Ferdinand, 2015) multiple Correlation values for social capital and financial performance variables such as R^2 in SPSS are 0.887 and 0.687, then the magnitude of determination is the multiple correlation values for accounting, control, and accounting variables, control leadership styles, and cultural organization multiplied by 100% = $0.887 \times 100\% = 88.7\%$. Thus, changes in social capital are influenced by the control of accounting, leadership style, and organizational culture, with a rate of 88.7%. While the Square Multiple Correlation values for accounting control variables, leadership style, organizational culture, and social capital times 100% = $0.687 \times 100\% = 68.7\%$. Thus, changes in financial performance are influenced by accounting control (X_1), leadership style (X_2), organizational culture (X_3), and social capital (Z) by 68.7%.

Testing Moderation on Social Capital Variables

In the moderation testing, Sobeltest is run using the Daniel Soper application on the website. www.sobeltestdanielsoper.com.

The significant role of social capital in mediating the influence of accounting control on financial performance during the Covid-19 pandemic at the Village Credit Institute (LPD) in Bali. Sobeltest is run using the Daniel Soper application on the website www.sobeltestdanielsoper.com using the above data processing results ($\beta_1 = 0.193$) with standard errors (0.198) and ($\beta_2 = 0.135$) with standard errors (0.159), can be described in the following Figure:

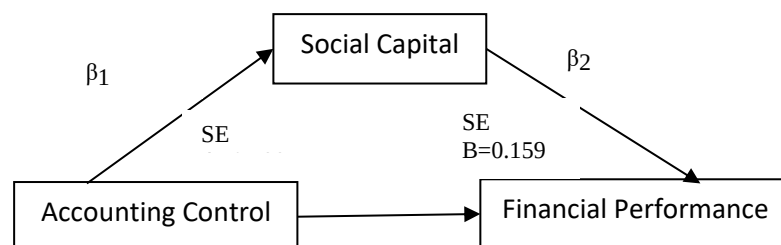


Figure 2. Indirect Relationship of Accounting Control Affects Financial Performance With Social Capital as a Mediating Variable (Source: data processed, 2021)

The results of testing Sobeltest using the Daniel Soper application from the www.sobeltestdanielsoper.com site are described in the following Figure.

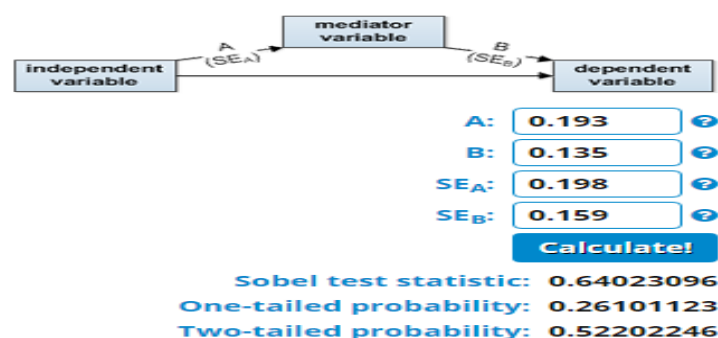


Figure 3. Sobel Testing Accounting Control Affects Financial Performance With Social Capital as a Mediating Variable (Source: data processed, 2021)

The results of the Sobeltest above show that by taking the $t_{arithmetic}$ value = 0.640 against the t_{table} value of 1.96 with a significance of 5%, where the $t_{arithmetic}$ value is smaller than 1.96, it can be concluded that there is no mediating effect on the social capital variable (Ghozali, 2018).

The role of social capital in mediating the influence of leadership style on financial performance during the Covid-19 pandemic at the Village Credit Institute (LPD) in Bali

Sobeltest is carried out using the Daniel Soper application from the www.sobeltestdanielsoper.com site by entering the results of the data processing above ($\beta_3 = 0.457$) as well as standard errors (0.190) and ($\beta_4 = 0.246$) and standard errors (0.175) can be described in the following Figure:

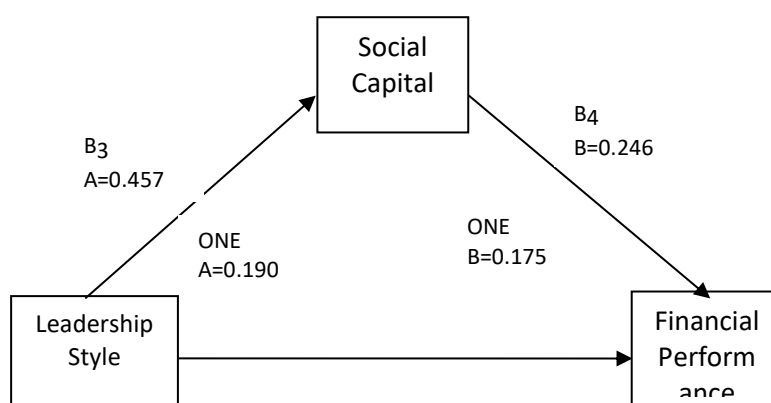


Figure 4. Indirect Relationship of Leadership Style Affects Financial Performance With Social Capital as a Mediating Variable

Source: data processed, 2021

The results of Sobeltest using the Daniel Soper application from the www.sobeltestdanielsoper.com site are described in the following Figure.

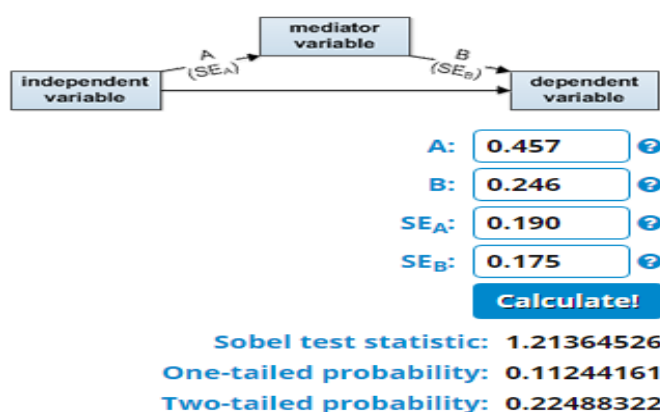


Figure 5. Sobel Testing Leadership Style Affects Financial Performance With Social Capital as a Mediating Variable
Source: data processed, 2021

The results of the Sobel test above show that by taking the $t_{\text{arithmetic}}$ value = 1.213 against the t_{table} value of 1.96 with a significance of 5%, where the $t_{\text{arithmetic}}$ value is smaller than 1.96, it can be concluded that there is no mediating influence on the social capital variable (Ghozali, 2018).

The Role Of Social Capital In Mediating The Influence Of Organizational Culture On Financial Performance During The Covid-19 Pandemic At The Village Credit Institute (LPD) in Bali

The results of Sobeltest using the Daniel Soper application from the www.sobeltestdanielsoper.com site are described in the following Figure.

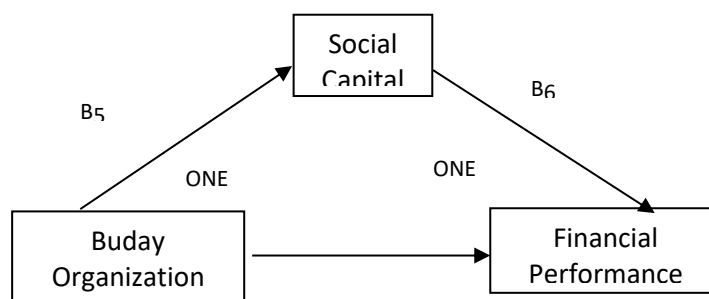


Figure 6. Indirect Relationships of Organizational Culture Affect Financial Performance with Social Capital as A Mediating Variable

Source: data processed, 2021

The results of Sobeltest using the Daniel Soper application from the www.sobeltestdanielsoper.com site is described in the following Figure.

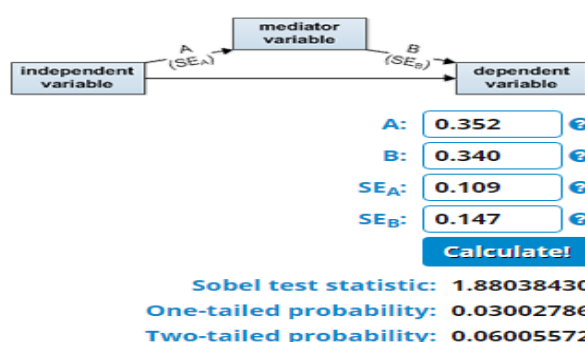


Figure 7. Sobel Testing Organizational Culture Affects Financial Performance with Social Capital as a Mediating Variable

Source: data processed, 2021

The results of the Sobel test above show that by obtaining $t_{\text{arithmetic}}$ value = 1.880 against t_{table} value of 1.96 with a significance of 5%, where the $t_{\text{arithmetic}}$ value is smaller than 1.96, it can be concluded that there is no mediating influence on social capital variables (Ghozali, 2018). From the results of mediation testing on social capital variables on accounting control influence on financial performance during the COVID-19 pandemic on LPD in Bali, the influence of leadership style on financial performance during the COVID-19 pandemic on LPD in Bali, and the influence of organizational culture on financial performance during COVID-19 pandemic on LPD in Bali, it can be stated that the social capital variable is not capable as a mediating variable but remains as a independent variable.

The findings from the study provide valuable insights into the intricate relationships among accounting control, leadership style, organizational culture, social capital, and financial performance within LPD (Local Village Credit Institutions) in Bali. The significant positive effect of accounting control on social capital underscores the crucial role of effective financial oversight in protecting LPD assets. The separation of personal interests from managerial responsibilities not only facilitates operational efficiency but also contributes to the production of trustworthy financial reports. This, in turn, fosters public trust and enhances the network between

LPD managers and customers. The normative participation in maintaining LPD's existence further emphasizes the societal responsibility and communal ownership embedded in the local context.

According to the findings of the study, a democratic leadership style has a substantial impact on social capital because it encourages openness to the input of the community and it encourages information sharing with administrators. By taking this strategy, LPD clients are more likely to trust the department, and the network that connects managers with the community is strengthened. The connectivity between leadership practices and the social fabric of the community is reflected in the fact that trust in established standards plays a crucial role in the process of maintaining these bonds. The fact that organizational culture has a beneficial impact on social capital draws attention to the significance of values like as honesty, cooperation, participation, mutual exchange, fairness, and tolerance in the process of establishing trust with customers and a sense of belonging inside LPD. The normative commitment to expanding and growing LPD in order to promote the local economy places an emphasis on the overall impact that organizational culture has on the role that the institution plays in community development.

The study suggests that separating duties, authorities, and responsibilities within LPD contributes to improved financial performance through enhanced activity control and efficiency in the production of financial information. This is in contrast to the fact that accounting control provides a positive effect on financial performance that is not statistically significant. The intricate relationship that exists between financial oversight and overall organizational effectiveness is brought into focus by this phenomenon. The considerable favorable influence that a democratic and transparent leadership style has on financial performance is indicative of the motivational impact that it has on managers, which ultimately results in improved customer loyalty and use of LPD financial services for community businesses. Behavioral values have a significant role in inspiring LPD managers to serve the community in a professional manner, which in turn contributes to the growth of revenue and the accumulation of assets. The positive impact that organizational culture has on financial performance highlights the importance of behavioral values.

According to the findings of the study, social capital has one of the most substantial and beneficial effects on financial performance. There is a correlation between the presence of social capital, which is characterized by involvement, mutual trust, and a sense of link between LPD managers and the community, and a healthy and growing financial performance. Additionally, there is a correlation between the adherence to established norms and social capital. When it comes to supporting economic development within the community through the use of LPD financial services, this highlights the essential role that social interactions and shared values play throughout the process. In summary, the findings of the research offer a thorough knowledge of the dynamic relationship that exists between accounting control, leadership style, organizational culture, social capital, and financial success within the specific context of LPD in Bali. It is important to note that the significance of cultural and social factors in determining the performance and longevity of local financial institutions is highlighted by the fact that the ramifications of these interactions go beyond simple financial measurements. The findings of the study provide a contribution not just to the existing body of academic literature but also to the practical issues that are considered by policymakers and stakeholders participating in community-based financial institutions.

Conclusion

The study's findings highlight several key relationships within LPD (Local Village Credit Institutions) in Bali. Firstly, accounting control demonstrates a significant positive impact on social capital, indicating its role in safeguarding LPD assets and fostering trust between managers and customers. Similarly, a leadership style characterized by democratic principles positively influences social capital, facilitating community input and information sharing to build customer trust. Organizational culture, encompassing values like honesty and cooperation, significantly contributes to social capital, reinforcing customer trust and a sense of belonging within LPD. However, when examining financial performance, accounting control shows an insignificant positive effect, emphasizing the need for efficient systems. In contrast, the right leadership style significantly and positively influences financial performance, motivating managers to work professionally and building customer loyalty. Additionally, organizational culture positively influences financial performance by increasing the motivation of LPD managers, leading to revenue growth. Notably, social capital plays a significant role in financial performance, emphasizing its importance in driving economic growth within the community through LPD financial services. The findings collectively underscore the intricate interplay between accounting control, leadership style, organizational culture, social capital, and financial performance in the context of LPD Bali.

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