ABSTRACT

Objectives: Business continuity of the Village Credit Institution in Bali is closely related to the customs and culture of Balinese society, which are based on Hinduism. The key to successful intermediation by the Village Credit Institution as a microfinance institution is heavily influenced by local rules strictly adhered to by the Balinese people. The key to competitive advantage for the Village Credit Institution can be seen from the number of strategic resources it possesses, especially immaterial or intangible assets that are not visible on the balance sheet. The research objective is to test the Resource-Based View Theory in relation to intellectual capital and business continuity of the Village Credit Institution, as measured by the philosophy of Catur Purusa Artha.

Methods: The research method used to answer the research objectives involved a quantitative test with a Partial Least Square (PLS) approach.

Results: The results of the research show that structural capital, social capital, and reputation capital can improve the performance and continuity of the Village Credit Institution. The mediating variable tested in this study is the performance of the Village Credit Institution, which serves as a mediating variable for the effect of structural capital, social capital, and reputation capital on the sustainability of the Village Credit Institution in Bali. Increasing structural capital involves a better understanding of the organizational structure that emphasizes internal control structures and social capital, which includes understanding the common goals of traditional villages. Reputation capital involves maintaining policies that favor indigenous villagers without sacrificing the profitability of the Village Credit Institution.

Conclusion: The study concludes that intellectual capital, including structural, social, and reputation capital, plays a significant role in enhancing the performance and sustainability of the Village Credit Institution in Bali. The research highlights the importance of maintaining a balance between adhering to local customs and ensuring profitability to achieve long-term business continuity.

Keywords: Structural Capital, Social Capital, Reputation Capital, Performance, Sustainability.

RESUMO

Objetivos: A continuidade de negócios da Village Credit Institution em Bali está intimamente relacionada com os costumes e a cultura da sociedade balinesa, que são baseados no hinduísmo. A chave para o sucesso da intermediação pela Village Credit Institution como uma instituição de microfinanciamento é fortemente influenciada pelas regras locais estritamente respeitadas pelo povo balinês. A chave para a vantagem competitiva para a instituição de crédito Village pode ser vista a partir do número de recursos estratégicos que possui,
el capital intelectual incluyendo el capital estructural, social y de reputación, juega un papel importante en la mejora del rendimiento y la sostenibilidad de la institución de crédito de la aldea en Bali. La investigación destaca la importancia de mantener un equilibrio entre adherirse a las costumbres locales y garantizar la rentabilidad para lograr la continuidad del negocio a largo plazo.

Palabras clave: Capital Estrutural, Capital Social, Reputación, Rendimiento, Sostenibilidad.
1 INTRODUCTION

The Village Credit Institution was established with the aim of encouraging rural community economic development through targeted savings and effective capital distribution, eradicating the debt bondage system, illicit mortgages and other equivalents in rural areas. The key to the successful intermediation of the Village Credit Institution as a microfinance institution is heavily influenced by local rules that are strictly adhered to by the Balinese (Chaves and Claudio, 2006).

The Village Credit Institutions in Bali studied in this study are measured by the Catur Purusa Artha concept. The division of wealth in the philosophy of Hinduism, is divided into three parts which are aimed at carrying out Catur Purusa Artha which are the four goals of life for people in Bali (Trarintya, 2021). The concept of Catur Purusa Artha in sharing company profits is very much in line with the company's orientation which leads to Stakeholder Oriented towards the Sustainability Concept.

The Resource Based View theory reveals that superior company performance is only possible to achieve by mastering and using strategic assets that are vital for competitive advantage and have a strong influence on financial performance and organizational sustainability. The competitive advantage of Village Credit Institutions is influenced by the relationship between Village Credit Institutions and their customers, both creditors and debtors are also relatively unique when compared to existing similar financial institutions. The social relationship between the Village Credit Institution and traditional village residents is closely intertwined so that social trust and social networks are created that allow each individual, whether administrators, supervisors and employees of the Village Credit Institution, as well as the community as Village Credit Institution customers to work together. The social network between the Village Credit Institution and the surrounding community has enabled the Village Credit Institution to gain trust as a place to collect community funds in the form of savings and time deposits. Good social interaction is also an important evaluation basis for the Village Credit Institution in channeling back the funds raised in the form of credit to the community.

This research is important to do to obtain evidence that the uniqueness of the intellectual capital owned by Village Credit Institutions, namely structural capital, social capital and
reputational capital, can create a comparative advantage for Village Credit Institutions. The strategic resource variable in this study is focused on the capital of the Village Credit Institution which is intangible in nature (intangible assets), but has become entrenched in the daily life of indigenous peoples in Bali. The sustainability of the business of Village Credit Institutions that implement the Triple Bottom Line theory in profit sharing (dividend policy) in this study will be seen from a local cultural perspective, namely the implementation of the Catur Purusa Artha philosophy in relation to Sarasamuccaya Sloka 262 which already existed and developed in Bali before the Triple theory. The bottom line is introduced.

Based on the description above, the purpose of the research is to empirically examine and analyze the effect of the components of intellectual capital, namely structural capital, social capital and reputational capital on the performance and sustainability of Village Credit Institutions in the Province of Bali. This research is expected to contribute to policies for Village Credit Institutions. In determining the management policy of Village Credit Institutions in Bali. The management needs to pay attention to strategic factors, especially the teachings of Catur Purusa Artha to support sustainability. This means that the company is not only focused on financial resources, but also needs to pay attention to the culture of local wisdom.

2 THEORY BASIS AND HYPOTHESIS DEVELOPMENT

2.1 RESOURCE-BASED VIEW THEORY (RBV)

The development or evolution of the Resource-Based View (RBV) theory was initiated by the opinion of Penrose (1959) who views a company as an organization that manages various productive resources. Some of the resources managed are material and some are immaterial, some are tangible, some are intangible. Penrose (1959), also argued that the same material resources and human resources can be combined in different ways from one company to another, depending on the ideas underlying their use.

Based on the definition put forward by the company, Wernerfelt (1984) put forward a view based on the resources owned by the company (resources-based view) when a company develops a business strategy that can create a sustainable competitive advantage. Basically determined company performance is strongly influenced by internal resources (Barney, 1991). In order for internal resources owned by a company to have strategic value, they must be rare, difficult to imitate and not easy to replace.
2.2 THE CONCEPT OF IMPLEMENTING THE CATUR PURUSHA ARTHA CULTURE AS A MEASUREMENT OF BUSINESS SUSTAINABILITY

Companies must show their balanced responsibilities to 3P (Elkington, 1997), namely Profit, People and Planet which states: Triple Bottom Line framework advances the goal of sustainability in business practices, in which companies look beyond profits to include social and environmental issues to measure the full cost of doing business. This means that a business must be oriented not only to profit alone, but also to take into account all components of human and environmental costs in running its business.

The use of the implementation of the Catur Purusa Artha philosophy as the embodiment of business sustainability through the triple bottom line in distributing dividends Village Credit Institution. The research conducted (Pancadana and Parwata, 2021) found that what underlies business activities Village Credit Institution are Hindu religious laws or Hindu religious teachings which are based on the Vedic scriptures. Catur Purusa Artha which consists of elements of Dharma, Artha, Kama and Moksa is the basis of business activities, where dharma or goodness must underlie all activities. Village Credit Institution, then seek profit or artha. The profits obtained will only be able to fulfill the wishes or kama of the community. All of that when implemented will lead to happiness which is called moksha.

Sarasamuccaya Sloka 262 which states that the utilization of assets as a result of the efforts of a person or company should be divided by three (Suhardana, 2007). First, Artha is intended for Artha which means that the assets obtained should be partly used again to acquire assets at a later date. Second, Artha is intended to fulfill Kama which means to be enjoyed for the life of those involved in the business. Third, Artha is for the benefit of Dharma which means it is used for good things or social funds for the business environment. The concept of Artha for Dharma or commonly called Dana. In order to achieve moksha as the highest life goal for Hindus, dharma, artha and kama, which are also called the Tri Warga, must work closely together and work together, meaning they cannot be separated from one another.

2.3 INTELLECTUAL CAPITAL

Today's business development is no longer based on industrial machines but on the ability of human resources to continue to innovate. The role of intangible resources (intangible assets) becomes more dominant than tangible resources. As a concept of intellectual capital is often interpreted differently. The concept of intellectual capital refers to non-physical capital or
intangible capital related to human knowledge and experience and the technology used. Intellectual capital seen from a broader spectrum is the ideas and perceptions of the inmaterial asset component of an organization. In this study, the intellectual capital tested is structural capital, social capital and reputation capital.

2.4 HYPOTHESIS DEVELOPMENT

Based on the theory of Resources Based View, structural capital is an element of intellectual capital owned by a company that is able to create competitive advantage. These advantages relatively produce higher company performance. Structural capital explains the importance of organizational culture for members of the organization because it involves symbols, rituals, myths, stories and legends about the interpretation of events, ideas and experiences that are influenced and shaped by groups of people where members of the organization interact with each other. The creation of job satisfaction is supported by an organizational culture and leadership style that is well implemented and acceptable to all employees in an organization. In the context of Village Credit Institutions in Bali,

Social capital functions as the glue that binds all elements of society. In social capital, there is a need for the value of sharing between each member of the community, organizing roles in the community which are presented in personal relationships, there is mutual trust and social responsibility. There are several references to the values and elements of social capital, including participative attitudes, attitudes that pay attention to each other, give and take, trust each other and are strengthened by the values and norms that support it. Social involvement of supervisors, administrators and employees Village Credit Institution very intense with the local indigenous village community who are customers Village Credit Institution, being a trigger for efforts to achieve common goals as a community so that through the Village Credit Institutions can implement of Catur Purusa Artha.

Reputation resources are closely related to public trust in the company. Trust is a mutual goodness which all social relations depend on. Trust is also a basis of behavior, which motivates loyalty and relationships based on solidarity. Anisa's research (2016) concluded that a company's reputation is needed to increase purchases. When consumers do not trust a company, consumers will choose another company. Trust in the company will give back to those who trust, both financially and non-financially.

Village Credit Institution in Bali, the good reputation of Village Credit Institutions towards customers, both depositors and creditors will enable Village Credit Institutions to be
able to build up more retained earnings (Artha for Artha), provide larger funds to customary villages and social funds (Artha for Dharma) and provide higher incentives to supervisors, administrators and employees. The skills of the management and employees of the Village Credit Institution in working with the community accompanied by the same perception of the goals and values of the Village Credit Institution will cause the customer who is also the owner of the Village Credit Institution to increase their loyalty. High customer loyalty then triggers an increase in capital, profitability and liquidity assets which are indicators of financial performance.

Based on the description above, there are ten hypotheses developed in this study, namely:

H1: Structural Capital has a positive effect on the performance of Village Credit Institutions.

H2: Social Capital has a positive effect on the performance of Village Credit Institutions.

H3: Reputation Capital has a positive effect on the performance of Village Credit Institutions.

H4: The better performance of Village Credit Institutions makes the sustainability of Village Credit Institutions increase.

H5: Structural Capital has a positive effect on the sustainability of Village Credit Institutions.

H6: Social Capital has a positive effect on the sustainability of Village Credit Institutions.

H7: Reputation Capital has a positive effect on the sustainability of Village Credit Institutions.

H8: The performance of Village Credit Institutions is able to mediate the effect of Structural Capital on the sustainability of Village Credit Institutions.

H9: The performance of Village Credit Institutions is able to mediate the influence of Social Capital on the sustainability of Village Credit Institutions.

H10: The performance of Village Credit Institutions is able to mediate the effect of Reputation Capital on the sustainability of Village Credit Institutions.
3 RESEARCH METHODS

3.1 LOCATION AND RESEARCH SAMPLE

Research conducted on Village Credit Institutions in Bali Province in 2022. The population in this research is Village Credit Institutions that will operate in 2022 in all Regencies/Cities in Bali, with a total of 1,437 business units. Regional samples were taken proportionally in each district in the Province of Bali. Determination of the sample size was carried out using the Slovin formula and obtained a minimum of 93 Village Credit Institutions, and in this study 100 Village Credit Institutions were taken. The number of samples is 100, referring to the opinion of Hair, et al., (2011) which reveals that a sample of 100 - 200 can represent the population. The sampling technique in this study was random, meaning that each member of the population had the same opportunity to be sampled once, but for equity in each district/city, stratified proportional random sampling was taken.

3.2 VARIABLE MEASUREMENT

The measurement of research variables is as follows:

1. Structural capital (MST)

Structural capital is all the organizational infrastructure of the Village Credit Institution in the Province of Bali which refers to processes and procedures formed from the input of supervisors, administrators and supervisors to support internal processes and value creation in achieving company performance.

2. Social Capital (MS)

Social capital is knowledge available to Village Credit Institutions in the Province of Bali through and utilized by interactions between individuals and networks of reciprocal relationships. The dimensions used are the relationship with the community, and the relationship with the traditional village.

3. Reputation Capital (MR)

Reputation Capital is the trust held by Village Credit Institutions in the Province of Bali, which is measured using two dimensions of deposit customer trust and credit customer trust.

4. Performance of Village Credit Institutions (KK)

Performance Village Credit Institutions is something that is produced or the results of work achieved from an organizational effort in a certain period with reference to established
standards. Performance Village Credit Institution measured based on service performance, physical performance and financial performance.

5. Sustainability of Village Credit Institutions (KL)

Business Sustainability is the implementation of the Village Credit Institution's policy towards social and environmental responsibility. This variable is measured based on the implementation of Catur Purusa Artha which are the four life goals of Hindus. In this study the measurements used three dimensions (Suhardana, 2007; Ramantha, 2014):

1. Artha for Artha (AA)
2. Artha for Dharma (AD)
3. Artha for Kama (AK)

In measuring these three dimensions, data is collected from the expenses of Village Credit Institutions aimed at providing welfare to administrators, supervisors and employees, expenses for the benefit of traditional villages, and distribution of Village Credit Institution profits in accordance with Regional Regulation No.3 2017 year.

The Capital Reserve of 60 percent is Artha for Artha. The 20 percent Village Community Empowerment and Development Fund and the 5 percent Social Fund are Artha for Dharma. Meanwhile, 10 percent of Production Services is Artha for Kama. Apart from profit sharing, the implementation of Catur Purusa Artha can also be seen from the allocation of costs or expenses in the Village Credit Institution Profit-Loss report which is used for Dharma (social funds and community empowerment) and Kama (incentives and the like).

3.3 DATA ANALYSIS TECHNIQUE

The research instrument test was carried out by testing the validity and reliability of the questionnaire. The research questionnaire is valid if the questions on the questionnaire are able to reveal something that will be measured by the questionnaire. The validity test in this study was carried out by calculating the correlation between each indicator on the total score of the construct showing significant results (<0.05) (Ghozali, 2018: 54). The questionnaire is said to be reliable or reliable if one's answers to statements are consistent or stable from time to time. To measure reliability, a statistical test of reliable research variables is used if the Cronbach Alpha value is > 0.7 (Ghozali, 2018: 48).

Inferential analysis in this study used the Structural Equation Modeling (SEM) analysis tool with the Partial Least Square (PLS) approach. Hypothesis testing is carried out on the Inner model which shows the strength of the estimation of the relationship between latent variables.
(structural model). The outer model shows the latent variable which is represented by the indicator or manifest variable (measurement model), as well as the weight relation where the case value of the latent variable can be estimated.

4 RESULTS AND DISCUSSION

4.1 RESEARCH INSTRUMENT TEST

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

1) Validity test

Validity test is used to measure the validity or validity of a questionnaire. A questionnaire is said to be valid if the questions in the questionnaire are able to reveal something that the questionnaire will measure (Ghozali, 2018: 52). To measure validity in this study, bivariate corrections were made between each indicator score and the total construct score (Pearson's Correlation Coefficients) through the SPSS (Statistical Product and Service Solution) program. If the correlation between each indicator to the total construct score shows significant results, it can be concluded that each question indicator is valid (Ghozali, 2018: 54).

2) Reliability Test

Reliability is a tool for measuring a questionnaire which is an indicator of a variable or construct. A questionnaire is said to be reliable or reliable if one's answers to questions are consistent or stable from time to time (Ghozali, 2018: 47). To measure reliability, the Cronbach Alpha ($\alpha$) statistical test was used. Ghozali (2018: 48) states that a construct or variable is said to be reliable if it gives a Cronbach Alpha value > 0.7. Following are the results of testing the validity and reliability of the research variables.
Table 1

Results of Testing the Validity and Reliability of Research Instruments Structural Capital, Social Capital, Reputation Capital and Reputation Variables

<table>
<thead>
<tr>
<th>No</th>
<th>Indicator</th>
<th>Items</th>
<th>validity</th>
<th>Reliability</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>Pearson</td>
<td>Cronbach's</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Correlation</td>
<td>Alpha</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Sig</td>
<td>Information</td>
</tr>
<tr>
<td>1</td>
<td>Structural Capital</td>
<td>MST. 1</td>
<td>0.930</td>
<td>0.000</td>
</tr>
<tr>
<td></td>
<td></td>
<td>MST. 2</td>
<td>0.910</td>
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<tr>
<td></td>
<td></td>
<td>MST. 3</td>
<td>0.894</td>
<td>0.000</td>
</tr>
<tr>
<td></td>
<td></td>
<td>MST. 4</td>
<td>0.786</td>
<td>0.000</td>
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<td></td>
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<td>MST. 5</td>
<td>0.899</td>
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<td>MST. 6</td>
<td>0.789</td>
<td>0.000</td>
</tr>
<tr>
<td>2</td>
<td>Social Capital</td>
<td>MS. 1</td>
<td>0.948</td>
<td>0.000</td>
</tr>
<tr>
<td></td>
<td></td>
<td>MS. 2</td>
<td>0.902</td>
<td>0.000</td>
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<tr>
<td></td>
<td></td>
<td>MS. 3</td>
<td>0.940</td>
<td>0.000</td>
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<td></td>
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<td>MS. 4</td>
<td>0.941</td>
<td>0.000</td>
</tr>
<tr>
<td>3</td>
<td>Reputation Capital</td>
<td>MR. 1</td>
<td>0.853</td>
<td>0.000</td>
</tr>
<tr>
<td></td>
<td></td>
<td>MR. 2</td>
<td>0.892</td>
<td>0.000</td>
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<td></td>
<td></td>
<td>MR. 3</td>
<td>0.883</td>
<td>0.000</td>
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<td></td>
<td></td>
<td>MR. 4</td>
<td>0.900</td>
<td>0.000</td>
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<td></td>
<td></td>
<td>MR. 5</td>
<td>0.807</td>
<td>0.000</td>
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<td>MR. 6</td>
<td>0.923</td>
<td>0.000</td>
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<td>Performance Village Credit Institution</td>
<td>KL. 1</td>
<td>0.837</td>
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<td></td>
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<td>KL. 2</td>
<td>0.804</td>
<td>0.000</td>
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<td></td>
<td></td>
<td>KL. 3</td>
<td>0.900</td>
<td>0.000</td>
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<td></td>
<td></td>
<td>KL. 4</td>
<td>0.908</td>
<td>0.000</td>
</tr>
<tr>
<td></td>
<td></td>
<td>KL. 5</td>
<td>0.915</td>
<td>0.000</td>
</tr>
<tr>
<td></td>
<td></td>
<td>KL. 6</td>
<td>0.934</td>
<td>0.000</td>
</tr>
</tbody>
</table>

Source: Results of data processing (Appendix 1)

Based on Table 4.1 it can be explained that all correlation values between each indicator to the total construct score have a value above 0.3 and a significance value less than 0.05. This value indicates that the items used as indicator questions to measure the variables of structural capital, social capital, reputation capital and performance Village Credit Institution is valid.

Reliability testing using Cronbach's alpha coefficient calculation. Based on Table 1, all statement items have a Cronbach's alpha coefficient value above 0.70 which means that all statement items are categorized as reliable for the variables structural capital, social capital, reputation capital and performance Village Credit Institution.

4.2 OUTER MODEL EVALUATION

Outer model assessment is carried out to determine the validity and reliability of research indicators and latent variables. Validity is known by using convergent validity and discriminant validity. While reliability is known by using the value of the reliability of indicators and the value of internal consistency reliability.
1) Validity Test

Validity test can be known from the results of convergent validity and discriminant validity calculated using PLS.

**Convergent Validity Test**

The value of the convergent validity model is known from the factor loading value and the AVE (average variance extracted) value. Table 4.4 below shows that the loading factor value is between 0.684 and 0.883, which means it exceeds 0.50 according to the recommendation of Fornell and Larcker (1981) and the AVE value of all variables is above 0.50. This figure shows that all measurement indicators meet the provisions of convergent validity and each of these indicators is valid in measuring the variable concerned.

Table 2

**Convergent Validity**

<table>
<thead>
<tr>
<th>No</th>
<th>Variable</th>
<th>Items</th>
<th>Outer Loading</th>
<th>Average Variance Extracted (AVE)</th>
</tr>
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<td>1</td>
<td>Structural Capital</td>
<td>MRT. 1</td>
<td>0.883</td>
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<td></td>
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<td>MRT. 2</td>
<td>0.864</td>
<td></td>
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<td>MRT. 4</td>
<td>0.800</td>
<td></td>
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<td></td>
<td>MRT. 5</td>
<td>0.772</td>
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<td></td>
<td>MRT. 6</td>
<td>0.846</td>
<td></td>
</tr>
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<td>2</td>
<td>Social Capital</td>
<td>MS. 1</td>
<td>0.849</td>
<td>0.667</td>
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<td></td>
<td></td>
<td>MS. 2</td>
<td>0.834</td>
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</tr>
<tr>
<td></td>
<td></td>
<td>MS. 3</td>
<td>0.837</td>
<td></td>
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<td></td>
<td></td>
<td>MS. 4</td>
<td>0.743</td>
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</tr>
<tr>
<td>3</td>
<td>Capital Reputation</td>
<td>MR. 1</td>
<td>0.721</td>
<td>0.575</td>
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<tr>
<td></td>
<td></td>
<td>MR. 2</td>
<td>0.684</td>
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</tr>
<tr>
<td></td>
<td></td>
<td>MR. 3</td>
<td>0.732</td>
<td></td>
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<tr>
<td></td>
<td></td>
<td>MR. 4</td>
<td>0.820</td>
<td></td>
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<td>MR. 5</td>
<td>0.795</td>
<td></td>
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<td></td>
<td></td>
<td>MR. 6</td>
<td>0.787</td>
<td></td>
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<td>4</td>
<td>Performance Village</td>
<td>KK. 1</td>
<td>0.821</td>
<td>0.660</td>
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<td>Credit Institution</td>
<td>KK. 2</td>
<td>0.801</td>
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<td>KK. 5</td>
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<td>KK. 6</td>
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<td>Continuity Village</td>
<td>AA</td>
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<td></td>
<td>Credit Institution</td>
<td>AD</td>
<td>0.873</td>
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</tr>
<tr>
<td></td>
<td></td>
<td>AK</td>
<td>0.859</td>
<td></td>
</tr>
</tbody>
</table>

Source: processed data results, 2022

2) Discriminant Validity

The discriminant validity test was carried out by the Heterotrait-Monotrait test. If the value of the Heretrotit-Monotrait Ratio (HTMT) is <0.90 then a construct has good discriminant validity. The results of the HTMT discriminant variability test can be seen in Table 4.5 below.
Based on Table 3, the HTMT value is below 0.9, then it can be stated that all constructs have discriminant validity based on HTMT calculations.

4.3 RELIABILITY TEST

Reliability testing is calculated using PLS through internal consistency reliability. For internal consistency reliability, the value of composite reliability and cronbach's alpha must be higher or equal to 0.7. Table 4 below shows that the results of composite reliability and cronbach's alpha are greater than 0.7, which means that the five variables have consistent and reliable results.

Table 4

<table>
<thead>
<tr>
<th></th>
<th>Cronbach's Alpha</th>
<th>Composite Reliability</th>
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<tbody>
<tr>
<td>KK</td>
<td>0.896</td>
<td>0.921</td>
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<tr>
<td>KL</td>
<td>0.818</td>
<td>0.890</td>
</tr>
<tr>
<td>Mr</td>
<td>0.853</td>
<td>0.890</td>
</tr>
<tr>
<td>Ms</td>
<td>0.833</td>
<td>0.889</td>
</tr>
<tr>
<td>MST</td>
<td>0.912</td>
<td>0.932</td>
</tr>
</tbody>
</table>

Source: processed data, 2022

4.4 EVALUATION OF THE INNER MODEL (STRUCTURAL MODEL)

This evaluation step is carried out to confirm the theoretical model as outlined in the structural research model, Chin (33). Here, the structural evaluation model is through three indicators: R2, Predictive Relevance (Q2) and Goodness of Fit (GoF).

1. R2 value

The R2 value in this PLS calculation represents the amount of variance contained in the model. The value of R2 in this study is listed in Table 5, below:
Based on Table 5 above, it can be seen that:

1. The diversity (variance) of the Village Credit Institution (KK) Performance variable can be explained by the Structural Capital, Social Capital, and Reputation Capital variables of 49 percent and the remaining 51 percent is explained by other variables outside the research model.

2. The diversity (variance) of the 85.2 percent Village Credit Institution Sustainability variable can be explained by the variables Structural Capital, Social Capital, Reputation Capital, and Village Credit Institution Performance. While the remaining 14.8 percent is the contribution of other variables outside the research model.

2. Predictive Relevance (Q2)

The Q2 predictive relevance value in a structural model is used to measure how well the observed values produced by the model and also the parameter estimates. The Q2 value in this study is calculated using the following formula:

\[
Q2 = 1 - (1 - R12)(1 - R22)
\]

\[
= 1 - (1 - 0.490)(1 - 0.852)
\]

\[
Q2 = 0.925
\]

This value means that the magnitude of the contribution of the variables of Structural Capital, Social Capital, Reputation Capital, and Village Credit Institution Performance as a whole to the Sustainability of Village Credit Institutions is 92.50 percent. While the remaining 7.5 percent is the contribution of other variables not included in this research model.

3. Goodness of Fit (GoF)

GoF is divided into small (0.1), medium (0.25) and large (0.36) (Ghozali and Latan, 2012). This study has a GoF of 0.668. Because the GoF value of this study is > 0.36, this research model is very good and able to represent data according to the theory used. Table 4.8 shows the calculation of the Goodness of Fit (GoF) value.
Table 6

Calculation of Goodness of Fit (GoF) Value

<table>
<thead>
<tr>
<th>Construct</th>
<th>AVE</th>
<th>R2</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>0.660</td>
<td>0.730</td>
</tr>
<tr>
<td></td>
<td>0.575</td>
<td></td>
</tr>
<tr>
<td></td>
<td>0.667</td>
<td>0.490</td>
</tr>
<tr>
<td></td>
<td>0.693</td>
<td>0.852</td>
</tr>
<tr>
<td>Average</td>
<td>0.665</td>
<td>0.671</td>
</tr>
</tbody>
</table>

GoF =√0.665 x 0.671 = 0.668

Source: processed data, 2022

4.5 HYPOTHESIS TEST

Hypothesis testing is done to evaluate the relationship between latent variables whether significant or not. Hypothesis testing can be calculated based on the value of the T-statistic. The relationship between the two variables can be categorized as significant if the T-statistic value is greater than 1.96. The relationship between research variables is shown in Figure 1 and Figure 2.

Figure 1

PLS Algorithm Results

Source: Prepared by Authors (2024)
Based on Figure 1 and Figure 2 it can be concluded that:

1. Structural capital has a positive effect on the performance of Village Credit Institutions, because it has a t-statistical value of 2.394 which is greater than the t-table of 1.96 and a coefficient value of 0.303. This shows that the second hypothesis in this study is accepted.

2. Social capital has a positive effect on the performance of Village Credit Institutions, because it has a t-statistic value of 2.041 which is greater than the t-table of 1.96 and a coefficient value of 0.206. This shows that the second hypothesis in this study is accepted.

3. Reputation capital has a positive effect on the performance of Village Credit Institutions, because it has a t-statistical value of 3.384 which is greater than the t-table of 1.96 and a coefficient value of 0.388. This shows that the third hypothesis in this study is accepted.

4. The performance of Village Credit Institutions has a positive influence on the Sustainability of Village Credit Institutions. Because it has a t-statistic value of 16.526 which is greater than the t table of 1.96 and a coefficient value of 0.883. This shows that the fourth hypothesis in this study is accepted.
5. Structural capital has a positive effect on the Sustainability of Village Credit Institutions, because it has a t-statistical value of 3.401 which is greater than the t-table of 1.96 and a coefficient value of 0.394. This shows that the fifth hypothesis in this study is accepted.

6. Social capital has a positive effect on the sustainability of Village Credit Institutions, because it has a t-statistical value of 2.124 which is greater than the t-table of 1.96 and a coefficient value of 0.208. This shows that the sixth hypothesis in this study is accepted.

7. Reputation capital has a positive effect on the performance of Village Credit Institutions, because it has a t-statistic value of 3.428 which is greater than the t-table of 1.96 and a coefficient value of 0.396. This shows that the seventh hypothesis in this study is accepted.

Testing this hypothesis also wants to know the relationship between variables influenced by mediating variables. The relationship between the variables of structural capital, social capital and reputation capital with the Sustainability of Village Credit Institutions is mediated by the performance of Village Credit Institutions shown in the schematic in Table.

| Table 7 |
| Testing of Mediation Variables |

<table>
<thead>
<tr>
<th></th>
<th>Performance Village Credit Institution</th>
<th>Continuity Village Credit Institution</th>
<th>Conclusion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Structural Capital</td>
<td>Significant (+)</td>
<td>Significant (+)</td>
<td>Partial mediation</td>
</tr>
<tr>
<td>Social Capital</td>
<td>Significant (+)</td>
<td>Significant (+)</td>
<td>Partial mediation</td>
</tr>
<tr>
<td>Reputation Capital</td>
<td>Significant (+)</td>
<td>Significant (+)</td>
<td>Partial mediation</td>
</tr>
</tbody>
</table>

Source: Baron and Kenny (1986)

Based on Table 7 above, it is known that the performance of Village Credit Institutions has a partial mediating influence in the relationship between structural capital, social capital and reputation capital with the Sustainability of Village Credit Institutions. It showsthat the eighth, ninth and tenth hypotheses in this study were accepted.

The results of testing the hypothesis above are summarized in Table 8 below.
Table 8

Summary of Hypothesis Testing Results

<table>
<thead>
<tr>
<th>Hypothesis</th>
<th>Information</th>
</tr>
</thead>
<tbody>
<tr>
<td>Structural Capital has a positive effect on the performance of Village Credit Institutions (H1)</td>
<td>Accepted</td>
</tr>
<tr>
<td>Social Capital has a positive effect on the performance of Village Credit Institutions (H2)</td>
<td>Accepted</td>
</tr>
<tr>
<td>Reputation Capital has a positive effect on the performance of Village Credit Institutions (H3)</td>
<td>Accepted</td>
</tr>
<tr>
<td>The performance of Village Credit Institutions has a positive effect on the sustainability of Village Credit Institutions (H4)</td>
<td>Accepted</td>
</tr>
<tr>
<td>Structural Capital has a positive effect on the sustainability of Village Credit Institutions (H5)</td>
<td>Accepted</td>
</tr>
<tr>
<td>Social Capital has a positive effect on the sustainability of Village Credit Institutions (H6)</td>
<td>Accepted</td>
</tr>
<tr>
<td>Reputation Capital has a positive effect on the sustainability of Village Credit Institutions (H7)</td>
<td>Accepted</td>
</tr>
<tr>
<td>The performance of Village Credit Institutions mediates the effect of Structural Capital on the sustainability of Village Credit Institutions (H8)</td>
<td>Accepted</td>
</tr>
<tr>
<td>The performance of Village Credit Institutions mediates the influence of Social Capital on the sustainability of Village Credit Institutions (H9)</td>
<td>Accepted</td>
</tr>
<tr>
<td>The performance of Village Credit Institutions is able to mediate the effect of Accepted Reputation Capital on the sustainability of Village Credit Institutions (H10)</td>
<td>Accepted</td>
</tr>
</tbody>
</table>

5 DISCUSSION

5.1 THE EFFECT OF STRUCTURAL CAPITAL ON THE PERFORMANCE OF VILLAGE CREDIT INSTITUTIONS

The results of the study show that structural capital influences the performance of Village Credit Institutions. These findings indicate that Village Credit Institutions in Bali have an organizational culture capable of implementing the vision, mission and goals of Village Credit Institutions which causes managers and all employees to work hard to advance Village Credit Institutions. The role of Bendesa Adat in the organizational structure who acts as a supervisor has an interest in directing the policies of the Village Credit Institution to produce effective and efficient services.

The purpose of establishing a Village Credit Institution is well understood by managers and employees, namely the Village Credit Institution was established to maintain the cultural function of traditional villages, the management and employees of the Village Credit Institution will try and have a high commitment to approaching the community, both as depositors and as debtors to take advantage of the Village Credit Institution as a financial intermediary institution
that is profitable and eases the burden on the community. These practices have made the Village Credit Institution progress and develop in an effort to prosper the indigenous villagers.

5.2 THE INFLUENCE OF SOCIAL CAPITAL ON THE PERFORMANCE OF VILLAGE CREDIT INSTITUTIONS

The results of the study found that social capital has a positive effect on the performance of village credit institutions. The research findings show that the skills of Village Credit Institution administrators and employees in working with the community coupled with clear perceptions and commitments about the goals and values of Village Credit Institutions lead to good performance. Village Credit Institution more increasing. The skills of the management and employees of the Village Credit Institution in working with the community make the community feel close to the Village Credit Institution. This closeness and trust is then manifested by the loyalty of the community to save funds and seek credit at the Village Credit Institution, so that the assets of the Village Credit Institution continue to increase and their ability to extend credit also increases. The increase in assets and loan disbursement is a potential for increasing the profits of Village Credit Institutions.

The existence of social sanctions at the Village Credit Institution for debtors who have bad credit has caused the number of credit disbursements to continue to increase from year to year. These social sanctions also increase the efficiency of Village Credit Institutions due to the low risk of bad credit owned by Village Credit Institutions. This encourages the customary village residents to be diligent in carrying out their obligations in the form of paying interest and loan principal which then reduces the cost of writing off bad debts, so that the efficiency of the Village Credit Institution increases and is able to improve the performance of the Village Credit Institution as a whole.

5.3 THE EFFECT OF REPUTATION CAPITAL ON THE PERFORMANCE OF VILLAGE CREDIT INSTITUTIONS

The results of the study found that Reputation Capital has a positive effect on the Performance of Village Credit Institutions. This result indicates Reputation Capital owned Village Credit Institution able to improve performance Village Credit Institution. Reputation Capital is a policy Village Credit Institution in giving high interest on deposits
received and ease of seeking credit without going through convoluted procedures capable improve the financial performance of Village Credit Institutions.

The application of high deposit interest rates and the absence of an obligation to deduct interest income tax on customer deposits has caused the community to prefer to place their funds in Village Credit Institutions. High fundraising accompanied by balanced credit distribution has made the Village Credit Institution's profits increase. With the increase in the Village Credit Institution's profits, the Village Credit Institution's performance in the service sector and the physical performance of the Village Credit Institution also experienced positive developments.

5.4 THE EFFECT OF VILLAGE CREDIT INSTITUTION PERFORMANCE ON THE SUSTAINABILITY OF VILLAGE CREDIT INSTITUTIONS

The results of the study show that the performance of Village Credit Institutions has a positive effect on the Sustainability of Village Credit Institutions. The results of the study provide evidence that the performance of Village Credit Institutions as measured by service performance, physical performance and financial performance can improve the sustainability of Village Credit Institutions which in this study was measured based on the implementation of the cultural purusa artha.

Village Credit Institutions in Bali are able to improve services to residents, and are able to manage their resources efficiently. Village Credit Institutions are able to increase their ability to generate profits making Village Credit Institutions able to allocate costs for routine purposes in supporting traditional villages. These routine expenses are the embodiment of Artha for the Dharma (planet). Achievement of high profits, able to increase the allocation of Village Credit Institutions to provide various allowances and incentives for employees of Village Credit Institutions which is the embodiment of Artha for Kama (people)

5.5 THE EFFECT OF STRUCTURAL CAPITAL ON THE SUSTAINABILITY OF VILLAGE CREDIT INSTITUTIONS

The results of the study found that Structural Capital has a positive effect on Business Sustainability. The results of the study show that Structural Capital as reflected in the organizational culture of the Village Credit Institution has an impact on increasing operational costs incurred by the Village Credit Institution for the benefit of traditional villages as an
indicator of business sustainability which in this study is measured by Artha for Dharma as part of implementation of Catur Purusa Artha as mandated by Tri Warga in Saracamuscaya Sloka 262.

High understanding of management and employees that the purpose of the establishment of the Village Credit Institution is to maintain the cultural function of the traditional village, so the Village Credit Institution allocates a lot of costs for routine traditional village activities such as subsidies for the costs of carrying out ceremonies and the like. Such management and employee policies are accompanied by the support of Bendesa Adat to increase the Business Sustainability of Village Credit Institutions as Artha for Artha, Dharma and Kama or for Profit, People and Planet in the Triple Bottom Line theory.

5.6 THE EFFECT OF SOCIAL CAPITAL ON THE SUSTAINABILITY OF VILLAGE CREDIT INSTITUTIONS

The results of the study found that Social Capital has a positive effect on the Sustainability of Village Credit Institutions. The results of the study prove that Social Capital can increase the Business Sustainability of Village Credit Institutions in Bali. High asset acquisition resulting from good social relations with customers, supports the smooth quality of productive assets.

The high level of current productive assets has resulted in a greater ability of the Village Credit Institution to allocate costs to support traditional villages that are classified as Artha for Dharma. The high profit of the Village Credit Institution due to smooth productive assets can also increase the amount of 20 percent distributed to customary villages and 5 percent for social funds which are also a component of Artha for Dharma. The high profit due to current productive assets has also led to an increase in capital reserves which is Artha for Artha and an increase in the management bonus which is Artha for Kama which is an indicator of business continuity.

5.7 EFFECT OF REPUTATION CAPITAL ON THE BUSINESS SUSTAINABILITY OF VILLAGE CREDIT INSTITUTIONS

The results of the study found that Reputation Capital has a positive effect on the Sustainability of Village Credit Institutions. These results indicate that Reputation Capital owned by Village Credit Institutions in traditional village communities is able to improve the
performance of Village Credit Institutions in terms of service, physical and financial performance.

The application of high deposit interest rates and the absence of an obligation to deduct interest income tax on customer deposits has caused the community to prefer to place their funds in Village Credit Institutions. High fundraising accompanied by balanced credit distribution has made the Village Credit Institution's profits increase. By increasing the profits of Village Credit Institutions, the Performance of Village Credit Institutions increases the opportunities for Village Credit Institutions to allocate funds to support traditional villages which are Artha for Dharma. Such conditions make it clear that increasing Reputation Capital can indeed increase Business Sustainability.

5.8 THE PERFORMANCE OF VILLAGE CREDIT INSTITUTIONS MEDIATES THE EFFECT OF STRUCTURAL CAPITAL ON THE SUSTAINABILITY OF VILLAGE CREDIT INSTITUTIONS

The results of the study found that the performance of Village Credit Institutions as a partial mediation of the influence of Structural Capital on the Sustainability of Village Credit Institutions. The results of the study show that the condition of Structural Capital is reflected in the organizational culture of the Village Credit Institution which reflects that managers and employees are very passionate about the vision, mission and objectives of the Village Credit Institution which prioritize the interests of traditional villages. The existence of Bendesa Adat in the organizational structure who acts as chairman of the supervisory board plays a very important role in directing the policies of the Village Credit Institution in the interests of traditional villages. In terms of operational activities, Village Credit Institutions have an obligation to maintain the quality of productive assets and the ability to maintain their profits.

High commitment to typical organizational practices of Village Credit Institutions and understanding that the purpose of establishing Village Credit Institutions is to maintain the cultural function of traditional villages, the management and employees of Village Credit Institutions will allocate a lot of costs for routine customary village activities such as subsidies the cost of carrying out ceremonies and the like. Such management and employee policies naturally obtain the approval of the Traditional Village Head because structurally the Customary Village Chief, apart from being the head of a traditional village, is also ex officio chairman of the supervisory board of the Village Credit Institution. The allocation of these costs
will increase Artha for Dharma which is an indicator of business continuity, but on the other hand the Village Credit Institution is able to maintain its performance.

5.9 THE PERFORMANCE OF VILLAGE CREDIT INSTITUTIONS MEDIATES THE INFLUENCE OF SOCIAL CAPITAL ON THE SUSTAINABILITY OF VILLAGE CREDIT INSTITUTIONS

The results of the study found that the performance of Village Credit Institutions was able to mediate the influence of Social Capital on the Sustainability of Village Credit Institutions in Bali. The results of the study prove that Social Capital is reflected in the skills of the management and employees of the Village Credit Institution in collaboration with the community coupled with clear perceptions and commitments about the goals and values of the Village Credit Institution which have increased, so the Business Sustainability of the Village Credit Institution will increase through Performance mediation Village Credit Institution.

Personal skills Village Credit Institutions relate to the community so that the community feels close. This closeness and trust is then manifested by the loyalty of the community to save funds and seek credit at the Village Credit Institution, so that the assets of the Village Credit Institution continue to increase and their ability to extend credit also increases. The increase in assets and loan disbursement has the potential to increase profits and reduce the percentage of bad loans.

High assets resulting from good social relations with customers, supported by the quality of productive assets that are current, will result in lower bad credit risk costs that must be recorded by the Village Credit Institution as a reserve for bad debts. The low cost of writing off doubtful accounts will increase the opportunities for Village Credit Institutions to allocate costs to support traditional villages and the large amount of profit allocated to routine parts of traditional villages which are classified as Artha for Dharma as an indicator of Business Sustainability.

5.10 THE PERFORMANCE OF VILLAGE CREDIT INSTITUTIONS IS ABLE TO MEDIATE THE EFFECT OF REPUTATION CAPITAL ON THE SUSTAINABILITY OF VILLAGE CREDIT INSTITUTIONS

The results of the study show that the performance of Village Credit Institutions is able to mediate the effect of Reputation Capital on the Sustainability of Village Credit Institutions.
The results of the study show that Reputation Capital is reflected in the habits of Village Credit Institutions that pay high interest on their savings and easily seek credit without going through convoluted procedures that will enable Village Credit Institutions to earn high profits and cause the sustainability of Village Credit Institutions to increase.

The high interest rate on deposits without the obligation to deduct interest income tax has indeed caused people to prefer to place their funds in Village Credit Institution. High fundraising with optimal credit distribution results in increased efficiency. The increased efficiency and profitability of Village Credit Institutions has resulted in the management of Village Credit Institutions being able to allocate costs to support traditional villages which are Artha for Dharma.

6 CONCLUSION

The aim of this study is empirically examine and analyze the effect of the components of intellectual capital, namely structural capital, social capital and reputational capital on the performance and sustainability of Village Credit Institutions in the Province of Bali. The research sample was 100 Village Credit Institutions operating in nine districts/cities. Based on the results of the analysis and discussion in the previous chapter, the following results are obtained:

1. Structural Capital, Social Capital and Reputation Capital have a positive effect on the Performance of Village Credit Institutions. The Structural Capital of Village Credit Institutions which is reflected in the organizational culture and organizational structure. At the Bendesa Adat Village Credit Institution, acting as chairman of the supervisory board has a very large role in directing Village Credit Institution policies so that they run efficiently so that they can further improve the performance of Village Credit Institutions. Increasing Social Capital Village Credit Institution which is reflected in the skills of the management and employees of the Village Credit Institution in working with the community and a clear commitment to goals and values Village Credit Institution, able to increase performance Village Credit Institution. Reputation Capital reflected in habits Village Credit Institution who gives flowers high on savings and easy to get credit without going through convoluted procedures able to improve the performance of Village Credit Institutions.

2. Structural Capital, Social Capital and Reputation Capital have a positive effect on Sustainability Village Credit Institution. Structural Capital is like organizational culture
with *Indigenous Village* as the supervisory board, often directs policies Village Credit Institution in the interests of traditional villages, this has an impact on business sustainability Village Credit Institution in Bali which is reflected in the Implementation of Catur Purusa Artha. Social Capital as seen from the skills of management and employees Village Credit Institution working with the community plus a clear perception and commitment of goals and values Village Credit Institution lead to Business Continuity Village Credit Institution more increasing. Reputation Capital as measured by habits Village Credit Institution provide high interest on public savings and easily seek credit without going through convoluted procedures Village Credit Institution more efficient. This efficiency leads to increased Business Sustainability Village Credit Institution.

3. Structural Capital, Social Capital and Reputation Capital have a positive effect on Sustainability Village Credit Institution through Performance mediation Village Credit Institution. The ability to earn high profits also provides opportunities for management Village Credit Institution to allocate costs for the benefit of customary villages in order to maintain sustainability Village Credit Institution. Social Capital is like personal skills Village Credit Institution working with the community plus a clear perception and commitment of values Village Credit Institution and the existence of social bonds through awig-awig and perarem, can improve Financial Performance and Business Sustainability Village Credit Institution. Reputation Capital reflected in habits Village Credit Institution providing high interest on deposits and providing credit without complicated procedures, will generate efficiencies that optimize Financial Performance and Business Sustainability Village Credit Institution.

6.1 SUGGESTION

This study uses primary and secondary data in the data collection process. Primary data was obtained from the results of questionnaires that were distributed directly to Village Credit Institution in regencies and cities in the Province of Bali. Busyness and activity of management and employees Village Credit Institution have a high level of activity, so that it can be suggested for further research to be able to plan and make better time arrangements for distributing questionnaires. This is useful for obtaining a higher level in terms of the seriousness of the respondents in filling out the research questionnaire.
To the manager Village Credit Institution in Bali in an effort to maintain business performance and sustainability Village Credit Institution must be able to make improvements to the management of structural capital, social capital and reputation capital. Increasing structural capital with a better understanding of organizational structure and the importance of internal control structures and social capital in the form of understanding the common goals of traditional villages. Reputation capital that continues to maintain policies that favor indigenous villagers, without sacrificing profitability Village Credit Institution.

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