

The Effect of Internal Control on the Effectiveness of Employee Performance at Bank BTN Purwakarta

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Abstract

The purpose of this study was conducted to test and determine the effect of internal control on the effectiveness of employee performance at Bank BTN Purwakarta. The data collection method used in this study is Primary Data in the form of direct questionnaires on employees of Bank BTN Purwakarta, with several variable statements in the form of Control Environment, Risk Assessment, Control Activities, Information and Communication, Monitoring which affect Employee Performance. This data analysis was carried out by descriptive analysis, data quality test, data normality test, classical assumption test, multiple linear regression analysis, coefficient of determination test. Based on the results of testing the hypothesis with a level of 5%, it was found that the variables X_1 , X_2 , X_3 , X_4 , X_5 simultaneously had an effect on Y . The partial t test showed that it was known that the control environment variables, risk assessment, information and communication and monitoring had a significant effect on performance employees, while control activity variables have no significant effect on employee performance. While the coefficient of determination test (R^2) shows 0.539 which means that the independent variables affect the dependent variable by 53.9% while the remaining 46.1% is influenced by other variables.

Keywords: *Internal Audit, Internal Control, Employee Performance Effectiveness.*

INTRODUCTION

PT Bank Tabungan Negara (Persero) Purwakarta branch is one of the branch offices of Bank BTN in Purwakarta. Bank BTN is a State-Owned Enterprise (BUMN) engaged in banking. Bank BTN has a vision to become a leading and trusted financial institution in facilitating the housing sector and family financial services, while Bank BTN's mission includes: (a) To play an active role in supporting the housing sector both from the supply side and demand side ties, which are integrated in the housing sector in Indonesia. (b) Providing superior services in financing the housing sector and family financial needs. (c) Improving competitive advantage through product development innovation services and digital-based strategic networks. (d) Prepare and develop human

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capital with professional quality and high integrity. (e) Increasing shareholder value with a focus on increasing profitability growth in accordance with the principles of prudence and good corporate governance, and (f) Caring for community, social and environmental interests in a sustainable manner.

To achieve these goals the role of employees is very important to the success or failure of the company. In this case, the company needs to monitor the performance of each existing employee, whether they have carried out their duties and obligations according to the company's expectations. This performance appraisal is very important to determine employee performance appraisal which is useful for continuing to work with employees. If the performance is good, it will also have a good impact on the company. Conversely, if the performance does not match expectations, the company can terminate the employment relationship.

Employee performance depends on their effectiveness, because of their ability to do something right based on the goals that have been set or planned, on these goals can show the effectiveness of their performance can be carried out properly. On the other hand, the discrepancy between the implementation and the stated goals shows that what has been implemented has not been effective. There are several factors of employee performance effectiveness that will affect employee performance, based on: (a) Time, (b) Productivity, (c) Work Evaluation, (d) Motivation, (e) Tasks, (f) Supervision, (g) Work Environment, (h) Equipment and Facilities. To create a good employee performance effectiveness, it is necessary to have good internal control. The role of management in carrying out internal control is very important to ensure that all internal control activities run well, including to create effective quality employee performance. According to Wakhyudi (2018: 18) Internal Control is a process that is influenced by the board of commissioners, management and other personnel in the organization to provide adequate assurance regarding the achievement of goals. There are several control components based on COSO consisting of: (a) Control Environment, (b) Risk Assessment, (c) Control Activities, (d) Information and Communication, (e) Monitoring.

LITERATURE REVIEW

According to Romney & Steinbart (2009) Internal Control is an organizational plan and business methods used to maintain assets, provide accurate and reliable information, encourage and improve the efficiency of the organization's operations, and encourage conformity with established policies. Internal control within the company is made to help the organization be more successful in achieving the goals of the company, and also pay attention to aspects of the costs that must be incurred and the expected benefits. The purpose of internal control itself is to provide reasonable assurance of achieving objectives. Mangkunegara (2011) defines performance as follows: "Performance is the result of work in quality and quantity achieved by an employee in

carrying out his duties in accordance with the responsibilities given to him".

The definition of employee performance according to Hasibuan (2003): "Work performance is a result achieved by a person in carrying out the tasks assigned to him". Based on the above understanding, it can be concluded that employee performance is a result of an employee's work. In a process or carrying out their duties in accordance with their responsibilities and how much influence they have on achieving organizational goals. By improving employee performance it will have a positive impact on company productivity, this situation is a company activity that will be improved in order to create an organizational climate that can produce good employee performance. Bank BTN Purwakarta uses Employee Comparison performance measurement. This method is an assessment method that is carried out by comparing the performance of an employee with that of other employees. So, with performance measurement at Bank BTN Purwakarta using Employee Comparison, it is very effective to be able to measure employee performance so that when performance has been measured, you can see a comparison of performance between one employee and another, and if there is poor performance, improvements can be made. As it is known that the purpose of internal control is to achieve effectiveness and efficiency of performance within the company, which means to compare actual performance results with a benchmark set to achieve effectiveness. Therefore, a special division is needed to monitor and control employee performance, which is called internal control, so that company effectiveness can be achieved. In this case the internal audit can assess the effectiveness of performance with the specified performance appraisal method, whether the performance is considered better or not, if it is considered not good then what suggestions and recommendations will be given to correct mistakes. Therefore, with an internal audit, it is hoped that the company can achieve more set targets.

Internal control is designed with the aim of protecting property, researching, encouraging operational efficiency and supporting compliance with company policies and regulations. Having good internal control within a company will result in reliable and effective employee performance so that it can boost the efficiency of the company's operations.

METHOD

In this study, the object of research is Internal Control as the X variable, and Employee Performance as the Y variable. Meanwhile, the research subject is Bank BTN in Purwakarta. The method that will be used in this research is descriptive research and for this research method using regression analysis.

In this study, explanatory research is used to explain the effect of Internal Control on the effectiveness of Employee Performance at Bank BTN in Purwakarta. The population in the study were employees in various sections: Accounting, Internal Control, Area Collection, Loan

service, Commercial Funding, Consumer Funding, Teller Service, Customer Service, Transaction Head, and Operation Head. The process of selecting the sample using purposive sampling. The purposive sampling method is a sample taken by the researcher because the researcher considers the sample to have information or characteristics that suit the needs of the researcher (Nuryaman & Veronica, 2015). There were 31 questionnaires distributed in this study which were given to employees at Bank BTN Purawakarta. The criteria used as samples were all questionnaires that had been filled in and returned to researchers, totaling 31 questionnaires.

RESULTS AND DISCUSSION

Multiple linear regression analysis aims to find the effect of two or more independent variables on the dependent variable. The results of multiple linear regression calculations with the SPSS v.25 program in this study are shown in table 1:

Table 1. Multiple Linear Analysis

Model		Coefficients ^a				
		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-12.805	4.984		-2.569	.017
	Control Environment	.343	.130	.365	2.644	.014
	Risk Assessment	.435	.182	.339	2.382	.025
	Control Activity	.069	.106	.085	.647	.523
	Information and Communication	.414	.222	.293	1.867	.074
	Monitoring	.470	.200	.378	2.355	.027

a. Dependent Variable: Employee Performance

The results of the regression analysis were made with the equation $Y = -12,805 + 0.343 + 0.435 + 0.069 + 0.414 + 0.470 + e$, then the conclusion that can be explained is that a constant value of -12.805 states that if all independent variables have a value equal to zero (0), then the variable employee performance has a value of -12.805. The control environment regression coefficient is 0.343 and is positive, which means that if the control environment variable increases by 1 unit, then the employee performance variable will also increase by 0.343. The risk assessment regression coefficient is 0.435 and has a positive value, which means that if the risk assessment variable increases by 1 unit, then the employee performance variable will also increase by 0.435. The regression coefficient value of control activity is 0.069 and is positive, which means that if the control activity variable increases by 1 unit, then the employee performance variable will also increase by 0.069. The value of the information and communication regression coefficient is 0.414 and is positive, which means that if the information and communication variable increases by 1 unit, then the employee performance variable will also increase by 0.414. The monitoring regression coefficient value is 0.470 and is positive, which means that if the monitoring variable increases by 1 unit, then the employee performance variable will also increase by 0.470.

The T test basically aims to find out how far the influence of each independent variable has on the dependent variable in a study. In

carrying out a partial T test, decision making can be seen by looking at the Sig value. This study uses a significance value of 5% or 0.05. To test the relationship between the independent variable and the dependent variable, it is necessary to find the value of r table, the criteria for r table in this study is a residual df of 25 with a significance of 0.025, which is 2.059. Based on the output table, the test results can be explained in table 2.

Table 2. Hypothesis Test (t test)

		t	Sig.
1	(Constant)	-2.569	.017
	Control Environment	2.644	.014
	Risk Assessment	2.382	.025
	Control Activity	.647	.523
	Information and Communication	1.867	.074
	Monitoring	2.355	.027

The calculated t value of the control environment variable is 2.644. Because the value of t count is $2.644 > 2.059$ (t table) it can be concluded that H_a is accepted and H_0 is rejected, which means that there is a significant and positive effect partially between the control environment on employee performance. The calculated t value of the risk assessment variable is 2.382. Because the t value is $2.382 > 2.059$ (t table) it can be concluded that H_a is accepted and H_0 is rejected, which means that there is a significant and positive effect partially between the risk assessment on employee performance. The calculated t value of the control activity variable is 0.647.

Because the t value is $0.647 < 2.059$ (t table) it can be concluded that H_0 is accepted and H_a is rejected, which means that there is no partial significant effect between control activities on employee performance. The calculated t value of the information and communication variable is 1.867. Because the t value is $1.867 < 2.059$ (t table) it can be concluded that H_0 is accepted and H_a is rejected, which means that there is no partial significant effect between information and communication on employee performance. The calculated t value of the monitoring variable is 2.355. Because the value of t count is $2.355 > 2.059$ (t table) it can be concluded that H_a is accepted and H_0 is rejected, which means that there is a significant and positive effect partially between monitoring of employee performance.

CONCLUSION

Based on the results of the research that has been conducted on internal control over employee performance at PT Bank BTN Purwakarta branch, the following conclusions can be drawn: (1) The results show that internal control at Bank BTN Purwakarta branch is in the good category, this is supported by its dimensions namely: control environment, risk assessment, control activities, information and communication, and monitoring, and the performance variables of employees at Bank BTN Purwakarta branch are also in the good category based on the results of the questionnaires that have been filled out by the respondents. (2) The results of hypothesis testing with a significant level of 5%, found that control environment variables, risk assessment, control activities, communication information and

monitoring simultaneously have a significant effect on employee performance. (3) Based on the results of the partial influence test it is known that the control environment variable has a significant effect on employee performance, the risk assessment variable has a significant effect on employee performance, the control activity variable has no significant effect on employee performance, communication information has no significant effect on employee performance, and there is significant influence of monitoring variables on employee performance. (4) Based on the results of the study it is known that the variables of control environment, risk assessment, control activities, information communication and monitoring are able to explain the employee performance variable by 53.9%, while the remaining 46.1% is influenced by other variables.

Companies need to improve internal auditor training programs and internal controls so that companies can improve their quality to be ready to compete in the economy and obtain maximum profit in accordance with the company's long-term growth. The company also needs to improve adequate facilities to support the role of internal control and the effectiveness of the company's internal control so that it can help the company's operations run smoothly.

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