The Influence of Perception of Internal Control and Work Experience on the Performance of Health Center Employees in Situbondo

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Abstract

This research is to see and assess the extent to which the perception of internal control influence with the concept of COSO, and work experience can consistently improve the performance of employees working in an organization. Moreover, it also aims to examine and analyze the influence of control environment, risk assessment, control activities, information and communication, monitoring, and work experience on employee performance with hypothesis testing using multiple regression analysis. This study uses purposive sampling method, and obtain 51 respondents who work in Situbondo health center as the research sample. A primary data used is obtained from respondents directly through questionnaires. The results showed that information and communication has significantly effect on the employee performance, while the control environment, risk assessment, control activities, monitoring, and work experience don't significantly effect on the employees' performance in Situbondo District Health Center.

Keywords: Internal control, work experience, employees' performance

Introduction

The health sector is developing rapidly both in terms of services and in the field of medication. Based on Act No. 32 of 2009 concerning Regional Government in Chapter IV article 11 paragraph 2, it is stipulated that the fields of government that must be implemented by regency and city areas are public works, health, education, trade, agriculture, transportation, culture, investment, environment, land, cooperatives and labour. Based on the regulation, the health sector is in the second position after the field of public works required by the regency and city government.

The Government of Situbondo has strugled to meet the needs of 669,713 residents for health services by establishing hospitals and community health centers (PUSKESMAS). Puskesmas is a technical implementing unit of the district health office which is responsible for carrying out health development in a particular area. It doesn not only pay attention to the quantity of services, but it is necessary to consider the opinion of the community on the quality of services provided as a top priority in meeting the needs of health services. Until 2018, there are total of 17 Health Centers in Puskesmas in Situbondo spreaded in these area, namaely Sumbermalang, Jatibanteng, Banyuglugur, Besuki, Suboh, Mlandingan, Bungatan, Kendit, Panarukan, Situbondo, Mangaran, Panji, Kapongan, Arjasa, Jangkar, Asembagus dan Banyuputih which provide helath care service in Situbondo regency.

Community health services will be more effective and efficient by the availability of puskesmas that are easily accessed by the community. To improve services to the community, the Puskesmas in Situbondo Regency was determined to be a BLUD Working Unit. BLUD regulations have been stipulated in SAP 13 which, based on the Act Number 1 of 2004 concerning the State Treasury, in the context of improving services to the public, a unit can be assigned to work unit that apply the financial management patterns of Public Service Agency (BLU). The BLU Standard

Statement aims to regulate the presentation of BLU financial statements in the context of increasing the comparability of financial reports to the budget, among periods, and BLU / BLUD. The financial statements are prepared by applying accrual-based accounting to be able to produce a good internal control.

The provisions of BLUD in implementing internal control are contained in Government Regulation of the Republic of Indonesia Number 8 of 2006 Chapter 7 Article 3 Paragraph 1 concerning financial reporting and performance of government agencies which contains enhancements to the reliability of financial statements and the performance of each reporting and accounting entity is required to implement an internal control system in accordance with the legislations.

Internal control consists of policies and procedures designed to obtain confidentce of company that it has clear goals and objectives. The internal control system is also defined by the framework of the COSO (Commite of Sponsoring Organization) which consists of five components namely the control environment, risk assessment, control activities, information and communication, and Monitoring (Arens et.al, 2015). In line with Wardayati (2016) , the COSO concept is a control environment, risk assessment, control activities, information and communication, and monitoring that significantly affect employee performance.

Performance is the work obtained by everyone based on work rules for a certain period. Optimal performance is certainly obtained by having a personnel that own serious potential and has a high work ethics (Putra, 2015).

This study integrates several previous studies that analyze internal control, work experience and employee performance in an organization. Based on this description, the researcher chose Health Centers in Situbondo as the object of the research entitled "The Effect of Perception on Internal Control and Work Experience on the Performance Health Center Employees in Situbondo".

The problems of this study are formulated as follow: (1) Does the perception of control environment influences the performance of Situbondo District Health Center employees (2) Does the perception of risk assessment affects the performance of Situbondo District Health Center employees (3) Does the perception of control activities affect the performance of Situbondo District Health Center employees (4) does the perception of information and communication affect the performance of Situbondo District Health Center employees (5) does the supervisory perspective affect the performance of Situbondo District Health Center employees (6) does the perception of work experience affect the performance of Situbondo District Health Center employees. While the purpose of this study is to determine whether perceptions of control environment, perceptions of risk assessment, perceptions of control activities, perceptions of information and communication, perceptions of monitoring, and perceptions of work experience affect the performance of employees at the Situbondo Health Centers.

Based on previous studies, theoretical studies, the conceptual framework and hypotheses proposed in this study can be formulatedas follows:
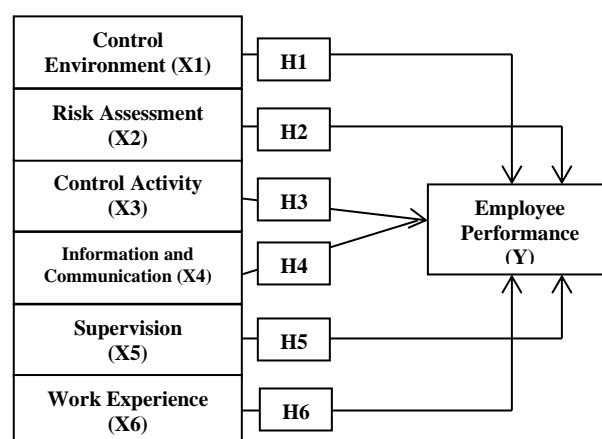

Figure 1. Problems Framework

Research Hypotheses:
H1 = perception of control environment influences employee performance
H2 = perception of risk assessment affects employee performance
H3 = perception of control activities affect employee performance
H4 = perception of information and communication affect employee performance
H5 = perception of supervision influences employee performance
H6 = perception of work experience influences employee performance

Research Method

Type of Research

This quantitative research belongs to explanatory research.

Population and Samples

The population are51 employees of Situbondo district health center from 17 health centers. The sampling technique used is purposive sampling. The samples selected are 51 people from 17 health centers.

Type and Source of Data

This study applied primary data through distributing questionnaires with a structured questionnaire, and direct interviews with respondent of employees in Situbondo district health center.

Definition of Variables Employees' Performance (Y)

Employees' performance shows condition where a person is expected to act in accordance with the tasks and duties assigned to him (Prawirosentono, 2008). Indicators used to measure employee performance are (1) effectiveness and efficiency (2) responsibility (3) discipline (4) initiative.

Control Environment (X_1)

The control environment of an organization emphasizes various factors that simultaneously influence actions, policies, control procedures that reflect the attitudes of top management, directors, commissioners, and company owners (Arens et al, 2013). Indicators used to measure the control environment are (1) integrity and ethical values (2) commitment to competence (3) board of directors and audit committee participation (4) management philosophy and operating style (5) organizational structure (6) source policies and practices human power

Risk Assessment (X_2)

Companies should conduct risk assessments to identify, analyze and manage risks related to financial reporting and design and implementation of control activities aimed at reducing these risks to a minimum level to consider their benefits (Arens et al, 2013). Indicators used to measure risk assessment are (1) identifying factors that influence risk (2) assessing the importance of risk and allowing risk to occur (3) determining actions that need to be taken to deal with the risk.

Control Activity(X_3)

Procedures, techniques, and mechanisms used to ensure management directives have been implemented (Arens et.al, 2013). Indicators used to measure control activities are (1) adequate segregation of duties (2) proper authorization of transactions and activities (3) adequate documents and records (4) physical control of assets and records (5) checking of work independently.

Information and Communication (X_4)

Information is recorded and communicated to management and other interested parties in the organization and in the form of a period of time that allows internal control and other responsibilities held toward the information (Arens et.al, 2013). The indicators used to measure information and communication are (1) completeness (2) accuracy (3) classification (4) time.

Monitoring (X_5)

Supervision is the process of evaluating the quality of the internal control structure's performance periodically and continuously (Arens et.al, 2013). The indicators used to measure supervision are (1) creating a foundation for monitoring activities (2) designing and implementing monitoring procedures (3) conducting assessments and reporting the results of the assessment.

Work Experience (X_6)

Work experience before being employed by Hospital in the nurse service section, work experience during being an employee in the nursing service section, and the number of employee assignments that have been handled (Prawirosentono, 2008). Indicators used to measure work experience are (1) work experience in serving patients (2) work experience in obtaining information to serve patients (3) work experience in the complexity of the work being done.

Data Analysis Method

Multiple regression analysis

This study uses multivariate statistical analysis techniques. The statistical method used is multiple regression analysis. The regression equation used is as follows

$$Y = \alpha + b_1X_1 + b_2X_2 + b_3X_3 + b_4X_4 + b_5X_5 + b_6X_6 + e$$

Explanation:
a = constant or the magnitude of the coefficients of each variable
X1 = work environment
X2 = risk assessment
X3 = control activity
X4 = information and communication
X5 = monitoring
X6 = work experience
Y = employees' performance
e = errors

Validity test

Validity as a measurement tool, this research uses Pearson's product moment correlation which is compared with a significance level of 5% (Priyatno, 2010).

Reliability test

Reliability test shows the testing constraints of measuring instruments, this study uses the reliability of the alpha method with the Cronbach alpha method (Priyatno, 2010)

Classical Assumption Test

Analysis of the coefficient of determination

The coefficient of determination is data to find out the percentage of the direct effect of the independent variable closely related to the dependent variable.. The coefficient of determination

(R2) can obtain a value to measure the magnitude of the contribution of some variable X to the rise and fall of variable Y (Priyatno, 2010).

t test (partial)

This analysis is used to prove whether there are significant variables between the control environment, control activities, risk assessment, information and communication, and supervision of the performance of Situbondo District Health Center employees. (Priyatno, 2010).

F test (simultaneous)

The F test is used to see the significance of simultaneous effect of independent variables on the dependent variable (Priyatno, 2010)

Results and Discussion

Validity Test

Data validity test is done to test the accuracy of the questions used in an instrument in measuring variables.

Table 1. Validity Test

Variable	Sig.	Explanation
Control Environment	0.000	Valid
Risk Assessment	0.000	Valid
Control Activity	0.000	Valid
Information and Communication	0.000	Valid
Monitoring	0.000	Valid
Work Experience	0.000	Valid

Source: Primary data processed, 2018

Reliability Test

A construct or variable is declared reliable if it gives a Cronbach Alpha value> 0.60 (Priyatno, 2010).

Table 2. Reliability Test

Variables	Cronbach alpha	Reliable standard	Explanation
Control Environment	0.791	0.60	Reliable
Risk Assessment	0.799	0.60	Reliable
Control Activity	0.880	0.60	Reliable
Information and Communication	0.799	0.60	Reliable
Monitoring	0.865	0.60	Reliable
Work Experience	0.854	0.60	Reliable
Control Environment	0.770	0.60	Reliable

Source: Primary data processed, 2018

Based on the results of variables testing in the table above, all the variables are reliable because the value is > 0.60.

Multicollinearity Test
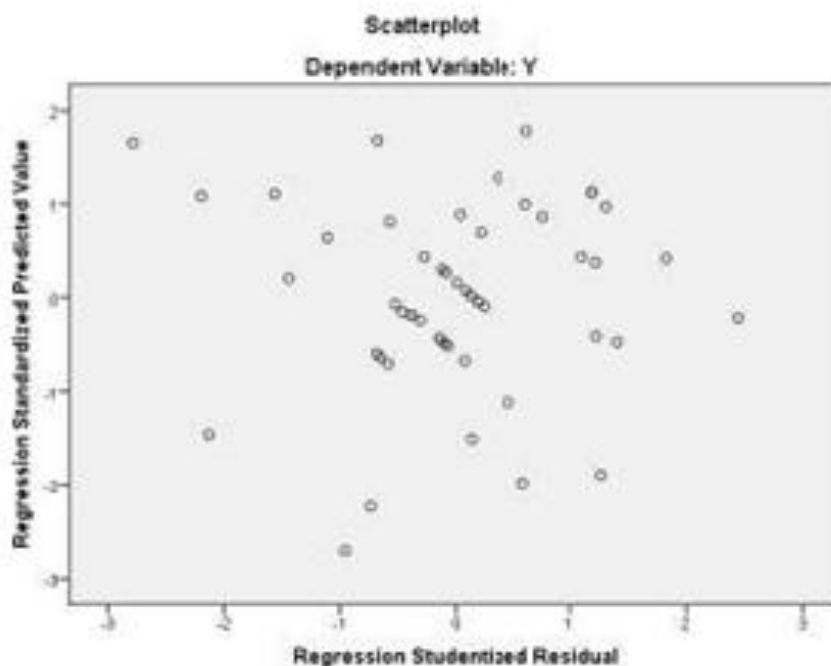
Table 3. Multicollinearity Test

variables	Tolerance	VIF	Explanation
Control Environment	0.356	2.809	Multicollinearity does not occur
Risk Assessment	0.601	1.665	Multicollinearity does not occur
Control Activity	0.364	2.747	Multicollinearity does not occur
Information and Communication	0.384	2.603	Multicollinearity does not occur
Monitoring	0.698	1.433	Multicollinearity does not occur
Work Experience	0.808	1.237	Multicollinearity does not occur

Source: Primary data processed, 2018

Based on the results of the Collinearity Statistics analysis provided in the table, it is concluded that there is no multicollinearity towards the research model which was shown with a tolerance value of more than 0.10 and a VIF value of each variable less than 10.

Heteroscedasticity Test

Heteroscedasticity test aims to determine whether variance inequality occurs or not. The tests are carried out using a scatter plot of the predicted value (X axis) with the residual value (Y axis). Heteroscedasticity test results is shown in the following figure

Source: Primary data processed, 2018

Figure 2. Heteroscedasticity Test

The results of the heteroscesdasdicity test using scatter plots show the points produced in the image are irregularly spread and shaped. it means that heteroscesdasticity does not occur.

Multiple Regression Analysis

Multiple Regression Analysis is used to measure the effect of more than one independent variable on the dependent variable (Ghozali, 2012).

Table 4. Multiple Regression Analysis

Variables	Regression coefficient	Sig	Explanation
Control Environment	1.751	0.087	Insignificant
Risk Assessment	0.309	0.758	Insignificant
Control Activity	-0.827	0.413	Insignificant
Information and Communication	0.564	0.575	Insignificant
Monitoring	2.424	0.020	Insignificant
Work Experience	0.966	0.340	Insignificant
Control Environment	1.813	0.077	Insignificant

Source: Primary data processed, 2018

Employees' Performance (Y)

The regression equation obtained is as follows

$Y = 1.751 + 0.309X1 – 0.827X2 + 0.564X3 + 2.424X4 + 0.966X5 + 1.813X6 + e$

From the multiple regression equation, it can be explained that:

1. A constant of 1,751. If X = 0, then Y is 1,751.
2. The value of the control environment coefficient is 0.309. If an improvement in the control environment occurs, employee performance increases by 0.309.
3. The value of the risk assessment coefficient of -0,827. If an increase in risk assessment occurs, employee performance decreases by -0,827.
4. The coefficient value of the control activity is 0.564. If control activities increase, employee performance increases by 0.564.
5. The coefficient of information and communication coefficient is 2,424. If information and communication increase, employee performance increases by 2,424.
6. The supervision coefficient value is 0.966. If supervision increases, employee performance increases by 0.966
7. The coefficient of work experience is 1,813. if work experience increases, employee performance increases by 1,813.

T test

t test is used to see the partial effect of independent variable on dependent variable (X). level of testing criteria of sig= 0.05%. if t count is >t table, then H0 is rejected and Ha is accepted.

Table 5. t test

Variables	T count	T table	Sig
Control Environment	0.309	2.015	0.758
Risk Assessment	-0.827	2.015	0.413
Control Activity	0.564	2.015	0.575
Information and Communication	2.424	2.015	0.020
Monitoring	0.966	2.015	0.340
Work Experience	1.813	2.015	0.077

Source: Primary data processed, 2018

Effect of Control Environment Perception on Employees' Performance

The result of regression analysis of t test on hypothesis 1 (H1) shows that perception of control environment does not affect the performance of employees.

This research does not support Oktarina (2014) stated that work environment partially. Sarita (2012) found that there are two significant influential variables on employees' performance namely internal control and leadership style.

Effect of Risk Assessment on Employees' Performance

based on multiple regression analysis of t test on the second hypothesis (H2) concluding that perception of risk assessment effects on employees' performance by looking at the significance level i.e., 0,413. the relation shown by regression coefficient is negative, it means that the higher risk assessment, the lower employees' performance (H2 is rejected)

This research is contradictory to Oktarina (2014) concluding that risk assessments partially has significant influence on employees' performance. Sarita (2012) also stated that companies should be aware and manage some risk that may occur.

Effect of Control Activity Perception on Employees' Performance

The multiple regression analysis of t test on the third hypothesis (H3) showed significant level of 0,575 meaning that control activity perception does not influence employees' performance. coefficient of regression showed negative relations which means the higher control activity the lower employees performance of Situbondo District Health Center (H3 is rejected). this research does not support Oktarnia (2014) stating that partially control activity has positive influence on employees' performance.

Effect of Information and Communication Control Perception on Employees' Performance

The result of multiple regression analysis of t test on hypothesis 4 (H4) showed significant level of 0,020 meaning that information and communication perception influence employees' performance. Coefficient of regression showed positive relations which means the higher information and communication, the better employees performance of Situbondo District Health Center (H4 is accepted). This research supports Wardayati (2016) stating that information and communication partially has significant influence on employees' selling performance at Pt. UMC Suzuki Jember. in this research, the performance of employees at Situbondo health centers is affected by good information and communication. conceptually, information is processed data that is useful for decision making.

Effect of Monitoring Perception on Employees' Performance

The result of multiple regression analysis of t test on hypothesis 5 (H5) showed significant level of 0,340 meaning that monitoring perception does not influence employees' performance. Coefficient of regression showed negative relations which means the higher the monitoring, the lower performance of employees of Health Center (H5 is rejected). It does not support Oktarnia (2014) concluding that monitoring has partial significant effect on employees' performance.

Effect of Work Experience on Employees' Performance

The result of multiple regression analysis of t test on hypothesis 6 (H6) showed significant level of 0,077 meaning that work experience perception does not influence employees' performance.

Coefficient of regression showed negative relations which means the higher the work experience, the lower performance of employees of Health Center (H6 is rejected). this research does not support Wardayati and Alfi (2017) explaining that work experience consisting length of work before in the internal auditor, length of work as internal auditor, and number of internal audit works assigned have positive and significant influence on internal auditor outputs.

Conclusion

The results of this study concluded that perception of work environment, risk assessments, control activity, monitoring, and work experience do not have significant influence on performance of Health Center employees in Situbondo Health Centers. While perception of information and communication has significant and positive influence on performance of Health Center employees in Situbondo Health Centers.

Suggestion

based on the limitations found in the study, the researcher suggest the future researcher to do wider scope of research top obtain more complete and comprehensive description on internal control variable consists of control environment, risk assessment, information and communication, control activity, monitoring and work experience. besides, more variables can be included such as employees motivation and firm size to improve the independent variable in describing dependent variables.

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