Pengaruh Pengendalian Intern dan Good Corporate Governance Terhadap Kinerja Perusahaan pada PT PAL Indonesia

by Nisa Fitri

The Effect of Internal Control and Good Corporate Governance on Company Performance at PT PAL Indonesia

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ABSTRACT: The aim of this study was to evaluate the influence of internal control and good corporate governance on the performance of PT PAL Indonesia. The research utilized a sample of 50 respondents for data collection, and the analysis involved statistical methods such as descriptive testing, data quality evaluation, classical assumption testing, and hypothesis testing. The results of the data analysis indicate that internal control has a partially positive and significant impact on company performance. Additionally, the study reveals that good corporate governance has a positive and significant effect on company performance. When both variables, internal control and corporate governance, are examined simultaneously, they exhibit a positive and significant impact on company performance. Consequently, these findings constitute a noteworthy contribution within the realm of corporate governance, underscoring the critical importance of implementing internal control and adopting good corporate governance as pivotal factors in enhancing the performance of PT PAL Indonesia. The practical implications derived from these study results can serve as a basis for companies to optimize their strategies related to internal control and corporate governance, thereby achieving their performance objectives more effectively.

Tujuan dari penelitian ini adalah untuk menilai dampak pengendalian internal dan tata kelola perusahaan yang baik terhadap kinerja PT PAL Indonesia. Dalam pengumpulan data digunakan sampel penelitian sebanyak 50 responden dan analisis dilakukan dengan teknik statistik seperti pengujian deskriptif, penilaian kualitas data, pengujian asumsi klasik, dan pengujian hipotesis. Analisis data menunjukkan bahwa pengendalian internal secara parsial mempunyai pengaruh positif dan signifikan terhadap kinerja perusahaan. Lebih lanjut, penelitian menunjukkan bahwa tata kelola perusahaan yang baik berpengaruh positif dan signifikan terhadap kinerja perusahaan. Apabila kedua variabel pengendalian internal dan tata kelola perusahaan diuji bersama-sama ternyata mempunyai pengaruh yang positif dan signifikan terhadap kinerja perusahaan. Oleh karena itu, hasil ini merupakan kontribusi penting dari perspektif tata kelola perusahaan dan menyoroti pentingnya penerapan pengendalian internal dan tata kelola perusahaan yang baik sebagai faktor kunci untuk meningkatkan kinerja PT PAL Indonesia. Implikasi praktis dari temuan penelitian ini dapat digunakan sebagai landasan bagi perusahaan untuk mengoptimalkan strategi pengendalian internal dan tata kelola perusahaan agar lebih efektif mencapai tujuan kinerja.

I. INTRODUCTION

This opening chapter delineates the evolution of Indonesia's progressively competitive business environment despite the absence of significant economic improvement. Factors influencing a company's performance encompass the adherence to good corporate governance principles, wherein transparency and accountability hold paramount importance. A deficient implementation of these principles may lead to subpar company performance, particularly in competition with foreign entities.

Prior studies, exemplified by Mufariza (2018) and Putri (2020), have underscored the significance of internal control and good corporate governance in bolstering company performance. However, this research narrows its focus to PT PAL Indonesia, which fell short of its 2022 performance target. The impact of the COVID-19 pandemic and the global economic downturn further compounds challenges for national economic growth.

Within this framework, the study formulates a problem statement that raises inquiries about the positive influence of internal control and good corporate governance on the company performance of PT PAL Indonesia. The research objectives encompass evaluating the isolated and collective impacts of these factors on organizational performance.

It is crucial to emphasize that this study seeks to complement previous findings by exploring the repercussions of internal control and good corporate governance on company performance, with specific attention to PT PAL Indonesia. Consequently, the research endeavors to provide deeper insights into the factors capable of enhancing performance amid challenging economic conditions.

Internal control serves as an effective instrument utilized by company leaders to safeguard company assets and ensure the accuracy of information conveyed by subordinates. As posited by James A. Hall and COSO, internal control encompasses diverse techniques and data processing methods crafted by management, aiming to instill confidence in the achievement of the company's objectives.

Good corporate governance constitutes a system for managing and controlling the company to strike a necessary balance between forces. According to the Adrian Cadbury Committee and Syakhroza, GCG entails a robust organizational governance mechanism to manage resources efficiently, effectively, economically, and productively. The principles of GCG encompass openness, accountability, responsibility, independence, and impartiality, striving to attain equilibrium between economic and social dimensions, as well as between the corporate realm, individuals, and society.

Organizational performance can be construed as a representation of the efficacy of programs, activities, or policies aimed at realizing the goals, vision, and mission of the organization through strategic planning. Renowned experts such as Moeheriono, Hawkins, and Simanjuntak posit that organizational performance serves as a metric to gauge whether an organization can achieve its objectives within a stipulated time frame.

II. METHOD

In this research, the object of research as an independent variable is internal control and good corporate governance, while the dependent variable is company performance. Based

on the hypothesis that has been created, the relationship between these variables is described with the following model:

Figure 2. 1
Framework of thinking
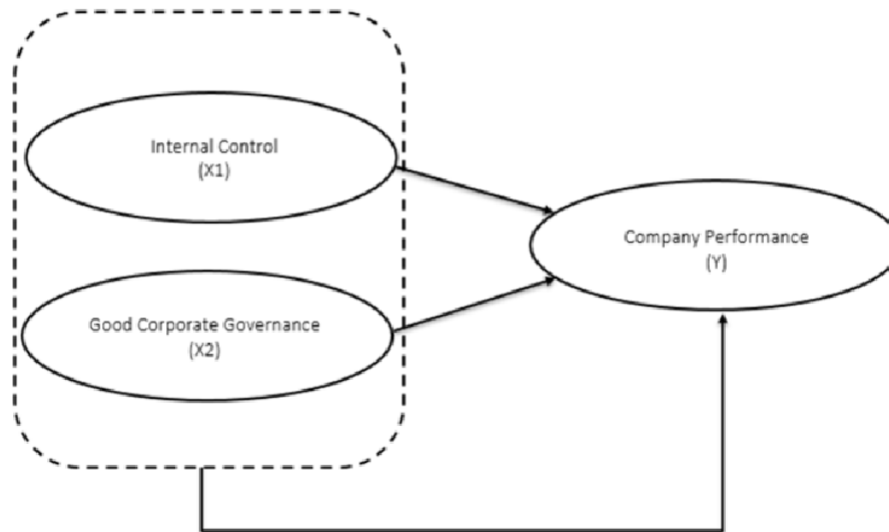
Expanding upon the established framework, the researcher articulates the hypotheses slated for examination in this study as delineated below:

1. H1: The positive and significant impact of Internal Control on the performance of PT PAL Indonesia.
2. H2: The performance of PT PAL Indonesia is significantly and positively influenced by Good Corporate Governance.
3. H3: The joint effect of Internal Control and Good Corporate Governance exerts a positive and significant impact on the performance of PT PAL Indonesia.

This research centers on scrutinizing the influence of internal control and good corporate governance on the performance of PT PAL Indonesia. The study employs a combination of primary and secondary data. Primary data is directly acquired from PT. PAL Indonesia through the analysis of questionnaire responses provided by the company's staff, while secondary data is indirectly sourced, often through intermediaries like notes or documentation, and is accessible on the company's website at www.pal.co.id. To dissect the collected data and draw conclusions, calculations, processing, and analysis are executed using the IBM SPSS (Statistical Product and Service Solution) Statistics 29.0 software program.

Figure 2. 1
Variable Operational Table

Variable	Indicator	Measurement
Internal Control (X₁) (COSO, 2013)	1. Control Environment 2. Risk Assesment 3. Control Activities 4. Information and Communication 5. Monitoring	Ordinal
Good Corporate Governance (X₂) (KNKG, 2006)	1. Transparency 2. Accountability 3. Responsibility 4. Independence 5. Fairness	Ordinal
Company Performance (Y) (Jahanshahi et.al, 2012)	1. Financial Performance 2. Operational Performance	Ordinal

Source: Data processed

III. RESULT AND DISCUSSION

This study involved the distribution of questionnaires to PT PAL Indonesia employees divided into several divisions, including the Internal Control Unit, Accounting Division, Treasury Division, Human Capital Management Division, Ship Sales and Marketing Division, and General Engineering and Harkan Sales Division. Through data collection using questionnaires, significant variations in respondent characteristics were found, including factors such as gender, age, education level, and length of service at PT PAL Indonesia. Further information regarding the characteristics of the respondents can be explained as follows:

Figure 3. 1
Respondent Characteristics by Gender

No	Gender	Total	Percentage
1	Male	19	38%
2	Female	31	62%
	Jumlah	50	100%

Source: Data processed

In Figure 3. 1 - Respondent Characteristics by Gender:

Based on the questionnaire data that has been processed, there are 50 respondents who are employees of PT PAL Indonesia. Of these, 19 people or 38% are male, while 31 people or 62% are female.

Figure 3. 2
Respondents' Educational Background:

No	Education	Frequency	Percentage
1	Senior High School	3	6.25%
2	D3	3	6.25%
3	S1	36	75%
4	S2	6	12.50%
	Amount	48	100%

Source: Data processed

In Figure 3. 2 - Respondents' Educational Background:

In terms of education level, 3 respondents or 6.25% have a high school education level, 3 respondents or 6.25% have a D3 education level, 36 respondents or 75% have a S1 education level, and 6 respondents or 12.50% have a S2 education level.

Figure 3. 3
Characteristics of Respondents Based on Years of Work Experience

No	Length of work	Frequency	Percentage
1	<5 years	32	64%
2	6-10 years	5	10%
3	11-15 years	5	10%
4	>15 years	8	15%
	Amount	50	100%

Source: Data processed

In Figure 3. 3 - Characteristics of Respondents Based on Years of Work Experience:
Furthermore, the characteristics of respondents are seen based on their length of work at PT PAL Indonesia. From the results of the table, it can be concluded that 32 respondents or 64% worked for less than five years, 5 respondents or 10% worked six to ten years, 5 respondents or 10% worked eleven to fifteen years, and 8 respondents or 15% have worked more than fifteen years at the company.

Validity Test Results
The data validity test involves an evaluation of the questionnaire's quality to determine the accuracy of the provided statements. In this research, 50 distributed questionnaires were collected, and all of them were utilized in the computations. The questionnaire comprises 40 statements, with 15 related to variable X1 (Internal Control), another 15 for variable X2 (Good Corporate Governance), and 10 for variable Y (Company Performance). The validity test was conducted using the SPSS version 29 software, and the results indicated that a statement is considered valid when rcount > rtable, where rtable is obtained using the formula df = N-2, and the resulting rtable value is 0.361.

Figure 3. 4
Internal Control Validity Test Results

Question Number	rcount	rtable	Information
X1.1	0.383**	0.279	Valid
X1.2	0.543**	0.279	Valid
X1.3	0.648**	0.279	Valid
X1.4	0.571**	0.279	Valid
X1.5	0.625**	0.279	Valid
X1.6	0.531**	0.279	Valid
X1.7	0.576**	0.279	Valid
X1.8	0.636**	0.279	Valid
X1.9	0.552**	0.279	Valid
X1.10	0.569**	0.279	Valid
X1.11	0.636**	0.279	Valid
X1.12	0.652**	0.279	Valid
X1.13	0.485**	0.279	Valid
X1.14	0.455**	0.279	Valid
X1.15	0.457**	0.279	Valid

Source: Questionnaire data processed with SPSS 29

These results show that all questionnaire questions in the internal control variable (X1) are said to be valid because all statements have rcount values that are greater than rtable.

Figure 3. 5

Good Corporate Governance Validity Test Results

Question Number	rcount	rtable	Information
X2.1	0.402**	0.279	Valid
X2.2	0.734**	0.279	Valid
X2.3	0.660**	0.279	Valid
X2.4	0.696**	0.279	Valid
X2.5	0.504**	0.279	Valid
X2.6	0.440**	0.279	Valid
X2.7	0.667**	0.279	Valid
X2.8	0.732**	0.279	Valid
X2.9	0.592**	0.279	Valid
X2.10	0.571**	0.279	Valid
X2.11	0.435**	0.279	Valid
X2.12	0.493**	0.279	Valid
X2.13	0.583**	0.279	Valid
X2.14	0.753**	0.279	Valid
X2.15	0.704**	0.279	Valid

Source: Questionnaire data processed with SPSS 29

These findings indicate that all questions related to the Good Corporate Governance (X2) variable in the questionnaire are considered valid, as each statement has an calculated r value exceeding the r table.

Figure 3. 6
Company Performance Validity Test Results

Question Number	rcount	rtable	Information
Y.1	0.792**	0.279	Valid
Y.2	0.790**	0.279	Valid
Y.3	0.788**	0.279	Valid
Y.4	0.645**	0.279	Valid
Y.5	0.819**	0.279	Valid
Y.6	0.695**	0.279	Valid
Y.7	0.894**	0.279	Valid
Y.8	0.490**	0.279	Valid
Y.9	0.752**	0.279	Valid
Y.10	0.494**	0.279	Valid

Source: Questionnaire data processed with SPSS 29

These findings indicate that all questions pertaining to the Company Performance variable (Y) in the questionnaire are considered valid, as each statement has a calculated r value exceeding the r table.

Reliability Test Results

Figure 3. 7
Data Reliability Test Results

No	Variable	Cronbach's Alpha	Information
1	Internal Control	0.836	Reliable
2	Good Corporate Governance	0.866	Reliable
3	Company performance	0.899	Reliable

Source: Questionnaire data processed with SPSS 29

From the table presented, it can be seen that the test results for each variable show a number that exceeds the Standardized Alpha value, namely 0.6. The internal control variable has a Cronbach's Alpha value of 0.836, good corporate governance of 0.866, and

company performance of 0.899. The test results stated that the research instruments were considered reliable because the values exceeded 0.6.

Descriptive Statistics Test Results

This study will elucidate the findings from descriptive statistical tests regarding the relationship between internal control, good corporate governance, and company performance. The results of the descriptive tests, along with data processed using SPSS, confirm the inclusion of 50 valid respondents in the analysis. The mean score for the internal control variable is 60.96, accompanied by a standard deviation of 4.091. For Good Corporate Governance, the average total score is 61.42, with a standard deviation of 4.656. The company performance variable, on the other hand, has an average score of 39.48 and a standard deviation of 3.655.

Multiple Linear Regression Analysis

This research employed multiple regression analysis to examine the influence of independent variables on the dependent variable. The primary objective of this study was to evaluate the effects of internal control and good corporate governance on organizational performance. The analytical approach involved multiple linear regression with two independent variables. The SPSS version 29 software facilitated data management, and the outcomes of the multiple regression analysis in this study are outlined below.

Figure 4. 10
Multiple Linear Regression Test Results

Coefficients[a]

Model		B	Std. Error	Beta	t	Sig.
		Unstandardized Coefficients		Standardized Coefficients		
1	(Constant)	7,531	2,651		2,841	0.007
	Internal Control	0.151	0.063	0.245	2,383	0.021
	Good Corporate Governance	0.371	0.056	0.685	6,673	<0.001
a. Dependent Variable: Company Performance						

Source: Questionnaire data processed by SPSS 29

Based on the computations presented in the aforementioned table, the coefficients that will be incorporated into the multiple linear regression equation are as follows:

$$Y = a + b1\,X1 + b2\,X2 + e$$
$$Y = 7.531 + 0.151x1 + 0.371x2 + 0$$

Information:
Y = Company Performance
X1 = Internal Control
X2 = Good Corporate Governance
a = Constant
b1b2   = Regression coefficient (value of increase or decrease)
e = error

Derived from the outcomes of the multiple linear regression equation, the elucidation is as follows:

a. The constant 'a' holds a value of 7.531, signifying that in the absence of alterations in the independent variables (X1 (Internal Control) and X2 (Good Corporate Governance) = 0), the dependent variable value (Y value = Company Performance) is 7.531.
b. The regression coefficient value of the variable
c. The regression coefficient value of the variable

Analysis of the Coefficient of Determination

The analysis of the coefficient of determination is employed to demonstrate the percentage of contribution by the independent variable to the fluctuations in the dependent variable. To gauge the degree of dependency between the independent variable and the dependent variable, the formula for the coefficient of determination can be utilized.

Figure 3. 8
Coefficient of Determination

Intervals	Level of Influence
0%-19.9%	Very low
20%-39.9%	Low
40%-59.9%	Currently
60%-79.9%	Strong
80%-100%	Very Strong

Source: Sugiono (2018:231)

The R Square coefficient of determination stands at 0.777, signifying that the joint influence of good corporate governance and internal control can account for only 78% of the overall variability in the dependent variable. The remaining 22% is influenced by other unexplored factors. As per Sugiyono's interpretation (2018:231), the obtained coefficient of determination value falls within the fourth interval (60%-79.9%), suggesting a robust influence of variables X, namely internal control and good corporate governance, on company performance.

Hypothesis Test Results (T Test)

Partial test results can be explained as follows:

Figure 4. 13
Partial Test Results

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	7,531	2,651		2,841	0.007
	Internal Control	0.151	0.063	0.245	2,383	0.021
	Good Corporate Governance	0.371	0.056	0.685	6,673	<0.001

a. Dependent Variable: Company Performance

Source: Questionnaire data processed by SPSS 29

Hypothesis Test Results (F Test)

The results of simultaneous testing in this research are as follows:

Figure 4. 14
Simultaneous Test Results

ANOVA[a]

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	241,795	2	120,898	81,909	<0.001[b]
	Residual	69,372	47	1,476		
	Total	311,168	49			

a. Dependent Variable: Company Performance
b. Predictors: (Constant), Good Corporate Governance, Internal Control

Source: Questionnaire data processed by SPSS 29

H1. Influence of Internal Control on Company Performance

The partial test (t-test) indicates a t-count greater than the t-table value, specifically 2.383 > 2.012, with a significance level of 0.021 < 0.05. The positive and significant effect of internal control is evident, confirming the acceptance of Ha1. This underscores the crucial role of internal control in enhancing company performance, ensuring effective operations, and contributing to overall improvement.

H2. Influence of Good Corporate Governance on Company Performance

The partial test (t-test) reveals a t-value of 6.673 > 2.012, accompanied by a significance level of 0.001 < 0.05. The results from the t-test affirm that good corporate governance has a positive and significant effect on company performance. Therefore, Ha2 is accepted, emphasizing the importance of implementing sound corporate governance principles for enhancing company performance and fostering trust among stakeholders.

H3. Influence of Internal Control and Good Corporate Governance on Company Performance

The research outcomes highlight a significant impact when Internal Control and Good Corporate Governance are simultaneously implemented, underscoring their collective positive influence on Company Performance. This suggests that optimizing both aspects can lead to a considerable improvement in overall company performance.

IV. CONCLUSION

Based on the outcomes obtained in this research concerning the influence of internal control and Good Corporate Governance on the performance of PT PAL Indonesia, the following conclusions can be drawn:

1. In line with the initial hypothesis, it is evidenced that the internal control variable significantly and positively affects the company's performance at PT PAL Indonesia. This underscores the vital role of internal control in enhancing company performance effectively and appropriately, leading to more favorable outcomes.

2. The second hypothesis test results demonstrate that the Good Corporate Governance variable has a positive and significant impact on PT PAL Indonesia's company performance. This implies that a well-implemented Good Corporate Governance system can contribute to the enhancement of PT PAL Indonesia's overall performance.

3. Through the examination of the third hypothesis, it becomes apparent that both internal control and Good Corporate Governance collectively influence the company's performance at PT PAL Indonesia. This assertion is supported by the 78% coefficient of determination, indicating that the synergistic application and optimization of these two aspects can contribute significantly to performance improvement.

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