

## The Determinant of Internal Control Effectiveness on Cooperative Employees of the Republic of Indonesia in Semarang City

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### ABSTRACT

This research aims to obtain empirical evidence the influence of competence, motivation, role and work experience on the effectiveness of internal control cooperatives in Semarang either partially and simultaneously. The population in this research are 132 Koperasi Pegawai Republik Indonesia (KPRI) in Semarang in 2017. The sampling technique used is simple random sampling and used sample size with non-statistic technique. With this technique gained as much as 31 sample research of Koperasi Pegawai Republik Indonesia. Collecting data uses questionnaires. While the analysis method used is multiple regression analysis with the analysis tool is SPSS Statistic 23. The results showed that competence and motivation partially have a positive and significant effect on the effectiveness of internal control cooperative. Role and work experience partially failed to show any significant effect on the effectiveness of internal control. While the results of competence, motivation, role and work experience simultaneously have a positive and significant impact on the effectiveness of internal control. The conclusion of the research are obtained evidence that competence and motivation have a positive and significant effect on the effectiveness of internal control. Meanwhile, role and work experience does not have effect on the effectiveness of internal control.

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### INTRODUCTION

Cooperative is an individual business entity or legal entity. Cooperatives run for the common interest and with the goal of common welfare. One of the laws that regulate cooperatives is Law No. 25 of 1992 Article 3 (Indonesia, 1992). This law states that cooperatives aim to improve the welfare of its members in particular and society in general as well as to participate in building the national economic order in order to realize a progressive, fair, and prosperous society based on Pancasila and the 1945 Constitution.

The data of Central Bureau of Statistics on the number of active cooperatives in Indonesia, in 2013 active cooperatives reached 143,117 units of cooperatives. In 2014, the number of cooperatives increased to 147,249 units. The latest data is in 2015 the number of cooperatives in Indonesia also rose to 150,223 units of cooperatives. By looking from the following data, it can be concluded that from year to year the number of cooperatives in Indonesia continues to increase. The growing

number of cooperatives in Indonesia which is increasing every year, indicates that the community is still paying considerable attention to cooperatives. However, cooperatives must maintain its credibility in order to keep the trust of members, especially the wider community.

In order to achieve its goals and maintain its credibility, cooperatives require the existence of an internal control. This control will monitor the operation of the cooperatives and prevent the occurrence of irregularities or lapses. In general, internal control is required on every business entity. Putra & Rasmini (2014) explained that as a type of monitoring, internal control is needed to delegate authority and responsibility within an organization. In the report of the Committee of Sponsoring Organization of The Treadway Commission (COSO) quoted from Janvrin et al. (2012) considers internal control as a set of actions that cover the entire process and the organization's personnel to give reasonable assurance about three goals such as effectiveness and efficiency of operations, reliability of financial reporting, and compliance with applicable laws and regulations. Länsiluoto, Jokipii, & Eklund (2016) explained if an organization does not have an effective internal control, it is possible that the organization's financial statements

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contain material errors.

The phenomenon in cooperatives in Bali Island is cooperatives that perform audit obligations is still low. It is estimated from the total number of cooperatives in Bali as many as 4,982 cooperatives that have implemented RAT is still under 500 cooperatives. Until now, cooperative managers who have not conducted the audit with reason that they have not yet know the benefits of audits, high costs, and other. This is because the socialization of the government is still lacking. In addition to due to limited budget, socialization staff is also small. However, administrators must actively seek information until they know the rules. Subsequently, managing the cooperative according to the right rules, then the cooperative will grow rapidly (bisnisbali.com, 2017). From the facts above show that internal control as an internal audit cooperative is still very rarely implemented, not only within the scope of the island of Bali but the entire cooperative in Indonesia.

Not a few cooperatives in Indonesia have implemented control and are expected to run well. Nevertheless, in fact, some cooperatives only apply internal controls to abort obligations. The controls applied do not cover the entire process and operational within the cooperative. Moreover, the cooperative does not have a control structure and assessment framework. The problems that occur due to the ineffectiveness of internal controls in a cooperative are such as in the case of Langit Biru Cooperative in 2012. It is known that Langit Biru Cooperative failed to pay the profits that have been promised to the customers. Judging from the cooperative case that has occurred, the problem does not come because it has not been applied internal control of cooperatives. Not a few cooperatives that have done cooperative internal control, but cannot avoid from deviation. Cooperative is required not only to provide internal control, but also expected to apply it effectively. Internal control is said to have been satisfactory when it has applied overall elements of internal control structure. By the effectiveness of cooperative internal control implementation, then cooperative is able to see the advantages and disadvantages of the application of control internal for cooperatives.

Several previous studies have found a variable that can affect dependent variable that is the effectiveness of internal control, both significant and less significant. Research conducted by Wardah (2015) and Miraceti (2011) which examined role variable gets the result that role has a positive and significant effect on the effectiveness of internal control. Recent research from R. A. Dewi (2016) which also examined the same variable gets the result that the role variable has no effect on the effectiveness of internal control. While on the variable of work experience, R. A. Dewi (2016) and Wijaya et al. (2016) agreed that experience has a positive and significant effect on the effectiveness of internal control. However, different result is obtained in the study of Delaila & Leny (2015) where the result obtained that work experience cannot prove the influence on the effectiveness of internal control. Relatively consistent results are showed by the competence and motivation variable which from several previous studies show that the competence and

motivation variable has a positive and significant effect.

Cooperative that becomes the object of research is the Employee Cooperative of the Republic of Indonesia (KPRI). KPRI is a cooperative established by civil servants and managed for the benefit and purpose of welfaring civil servants. According to A. R. Larasati (2013), KPRI is one type of cooperative that has developed quite rapidly compared with other cooperatives. KPRI often offers services and businesses ranging from savings and loan to selling basic daily needs. The more services offered by KPRI, the greater the risk that will be faced. This requires the cooperative management to be able to conduct control. With good internal control, the risks of the cooperative will be detected and overcome.

After understanding the core of the research problem, the researcher finds the previous research gaps so it produces the perfect research. As an update, the researchers add factors that potentially affect the dependent variable. In addition to adding variables that can affect dependents, the researchers see that most of the previous researches that have been carried out on the effectiveness of controls are more oriented to companies and government business entities. Meanwhile, internal control research on cooperatives is still very limited. For that, the researchers want to make the cooperative as the object of research so that it can prove whether the selected factors also apply to the cooperatives or not.

Based on the description above, it underlies research to analyze the influence of competence, motivation, roles, and work experience on the effectiveness of internal control. With the aim to know the influence of each independent variable that is competence, motivation, roles, and work experience to the effectiveness of internal control of cooperatives in Semarang City either partially or simultaneously.

The research is based on several theories such as agency theory, hope theory and role theory. The agency theory underlies the competence and experience variable in which the cooperative supervisors who are entrusted to perform such supervisory duties are required to possess competencies in the form of sufficient skill, knowledge, and experience in order to conduct a thorough audit or supervision on policy implementation. The theory of hope underlies the role variable which explains that people will be motivated to do certain things in order to achieve goals if they are confident that their actions will lead to the achievement of that goal. While the role theory supports role variable where a person who has a certain role is expected for someone to behave in accordance with the role.

Based on the APIP audit standards, it is stated that an audit should be carried out by a person who has sufficient skills and technical training as an auditor. Zu'amah (2009) revealed the need for good competence to produce a qualified audit. Likewise, it is in the cooperative, the cooperative supervisors are also required to have adequate competence in order to carry out internal controls well. A highly educated supervisor will have a broader view of things. Lloyd Bierstaker & Thibodeau (2006) and Shabri, Saad, & Bakar (2016) explained that more and more supervisors understand the inter-

nal control process, then the internal controls applied will be more effective. In accordance with the agency theory, the cooperative supervisor who is trusted to perform the audit task is required to have competence in the form of expertise, and sufficient knowledge to conduct a thorough examination or audit. Putra & Rasmini (2014) have conducted research on the influence of competence on the effectiveness of internal control. The results obtained show that the competence of auditors has a significant influence on the effectiveness of internal control.

**H<sub>1</sub> The competence of cooperative supervisors has a positive and significant effect on the effectiveness of cooperatives internal control.**

High motivation will make a person has a high fighting spirit to achieve goals by meeting the existing standards. On the other hand, Wahyudin (2009) assumed the motivation that arises in every personnel implementer of the governance is also a realization spirit of the perfect organizational performance. Motivation will increase one's responsibility to the work carried. With the motivation one has, it is expected that the supervisor of the cooperative always feel happy and responsible in working, so he is able to carry out internal controls well. Based on the theory of hope, the supervisor's motivation is used to have a sense of spirit and always responsible in carrying out the duties. The higher the motivation of the supervisor, the clearer the objectives will be achieved. High motivation can improve the performance of the cooperative supervisor. With the increasing performance, the internal control will be more effective. Wijaya et al. (2016) and B. C. Dewi, Purnamawati, & Atmadja (2015) used motivation as independent variable to effectiveness of internal control. The result shown is motivation has a positive and significant effect to effectiveness of internal control.

**H<sub>2</sub> Motivation of cooperative supervisors has a positive and significant effect on the effectiveness of cooperatives internal control.**

In article 39 of the Law of the Republic of Indonesia No. 25 of 1992 explains that the supervisor of the cooperative served for conducting supervision on the implementation of policies and management of cooperatives. Based on the role theory, supervisors in the cooperative act as supervisors of the implementation of policies and cooperative managers. With this, supervisors are required to be able to perform the role as it should be so that they can oversee the operation of the cooperative as well as detect and identify risks that can arise. With this risk detection, the cooperative supervisor will be able to evaluate the risks and can suppress fraud and irregularities that may occur. Ahmad & Taylor (2009) explained that the role theory also states that when behaviors expected by individuals are inconsistent, then they can experience stress, depression, dissatisfaction, and their performance will be less effective. Wardah (2015) who made role as a research variable obtains the result that the auditor's role significantly influences the effectiveness of internal control system.

**H<sub>3</sub> The role of cooperative supervisors has a positive and significant effect on the effectiveness of cooperatives internal control.**

Experience will enhance and develop supervisor's skills in overseeing policy implementation. Experience can also overcome any pressures and problems that are often encountered. Reheul et al. (2017) revealed that an experienced supervisory board will find it easier to find irregularities in both operational and financial reports. Aisyah & Sukirman (2015) explained the broader work experience of an auditor, the more skilled at doing the work and the more perfect the pattern of thinking and attitude in acting to achieve the goals set. Meanwhile, Trihapsari & Anisykurlillah (2016) argued that the experience of supervisors will continue to increase as more controls are implemented. Based on the agency theory, the cooperative supervisor who is entrusted to perform the audit task is required to have sufficient experience to conduct a thorough examination or audit. Based on the experience, it is expected that the cooperative supervisor can increase knowledge and can overcome various problems in his work. Dianawati & Ramantha (2013) as well as R. A. Dewi (2016) obtained the results of research that experience has a positive and significant effect on the effectiveness of internal control system.

**H<sub>4</sub> The work experience of the cooperative supervisor has a positive and significant effect on the effectiveness of the cooperative's internal control.**

Cooperative requires a cooperative supervisor who has extensive competence to carry out audit tasks. Competence is required not only for the mastery of the cooperative, but also the mastery of accounting and audit standards. Supervisor's motivation is used to be able to have a sense of spirit and always responsible in carrying out the task. High motivation can improve the performance of cooperative supervisor. While the role and work experience is also no less important as elements that affect on the effectiveness of internal control. The supervisor of the cooperative acts as the supervisor on the implementation of the policy and the manager of the cooperative. On the other hand, the supervisor of the cooperative who is entrusted to perform the audit task is required to have sufficient experience to conduct a thorough examination or audit. Based on the experience, it is expected that the cooperative supervisor can increase their knowledge and can overcome various problems in their work. In the research conducted by B. C. Dewi et al. (2015) is able to prove the variables of independence, professional skill, motivation and scope have a significant and simultaneous effect on the effectiveness of internal control. Meanwhile, Hapsari (2012), Miraceti (2011), Suantara et al. (2014) and Wardah (2015) who also succeeded in detecting the simultaneous effect of independent variables.

**H<sub>5</sub> Competence, motivation, role and work experience of cooperative supervisor have positive and significant influence to effectivity of cooperative internal control.**

**RESEARCH METHODS**

The type of research applied in this study used the type of deductive-quantitative research and used research design of hypothesis testing study. The population in this study was 132 Employees Cooperative of the Republic of Indonesia in Semarang City obtained from the Department of Cooperatives and SMEs in 2017. The study sample of 31 Cooperative Employees of the Republic of Indonesia was obtained by using non-statistical techniques. Meanwhile, the sample selection

was chosen randomly using simple random sampling technique.

This study used five research variables consisting of one dependent variable and four independent variables. Dependent variable in this research was effectiveness of internal control, while independent variables in this research were competence, motivation, roles, and work experience. The operational definition of variables could be seen in table 1.

Data collection techniques in this research were

**Table 1.** Operational Definition of the Variables

No.	Variables	Definition	Indicators
1.	Effectiveness of Internal Control	A process which involves boards of commissioners, management and other personnel, designed to provide adequate trust about achieving the three objectives that is effectiveness and efficiency of operations; reliability of financial reporting; and compliance with applicable laws and regulations (Janvrin et al., 2012).	1. Control Environment 2. Risk Assessment 3. Control Activities 4. Information and Communication 5. Monitoring (Janvrin et al., 2012)
2.	Competence	Basic characteristics possessed by an individual who deals causally in meeting the criteria required to occupy a position (Spencer & Spencer, 2008).	1. Understanding 2. Ability 3. Knowledge 4. (Davis, 1988)
3.	Motivation	The internal conditions that arouse us to act, encourage us to reach certain goals and keep us interested in certain activities (Weiner, 1979).	1. Responsibility in the task 2. Having a clear purpose 3. Having fun working (Uno, 2008)
4.	Roles	The position of a person in the social system with the rights and obligations, powers and responsibilities that go with it (Agustina, 2013).	1. Detecting Cheating 2. Measuring and Identifying Risks 3. Evaluating the Risk (R. Dewi & Apandi, 2012)
5.	Work Experience	Understanding of something lived and with appreciation and experiencing something is gained experience, skills or value that unite in the potential of self (Foster & Seeker, 2001).	1. Length of service 2. Mastery of a job 3. The amount of training that has been followed. 4. (Foster & Seeker, 2001)

Source: Writer's summary, 2017

conducted by distributing research questionnaires to cooperatives that become object. This research used research design based on statistical procedures that processing using SPSS Statistics 23. Data analysis techniques included validity test, reliability test, descriptive statistical analysis, normality test, multicollinearity test, and heteroscedasticity test. After classical assumption test was done then hypothesis test was conducted with regression model as follows:

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + e \dots\dots\dots (1)$$

The multiple regression equation (1) had the Y statement as the effectiveness of the internal control, X1 as the competence variable, X2 as the motivation variable, X3 as the role variable, X4 as the working experience variable,  $\alpha$  (alpha) as the constant, and e as error.

**RESULTS AND DISCUSSIONS**

Descriptive statistical analysis of the respondents in this study is used to provide a description about the identity of respondents covering gender, age, emplo-

yment, recent education, and the number of members of the cooperative. The results of descriptive analysis of the respondents indicate that the respondents in this study have the majority of women due to the majority of institutions that shade KPRI more empowering female employees to take care of cooperatives than male employees. The characteristics of respondents by age show that respondents in this study majority have age more than 50 years. This shows that the demands of the supervisor of an organization where in this case is a cooperative, needed maturity both in terms of knowledge and insight as well as from the maturity of reason, mind and maturity level.

The characteristics of respondents by working period as supervisor of the cooperative. In this study, the majority of the internal supervisory bodies of cooperatives have covered the working period between 5 - 7 years. While the characteristics of respondents based on the history of education shows that most of the respondents' primary education is dominated by undergraduate (S1) graduates. With the high level of education that has been taken, the research respondents have had sufficient knowledge and competence as a cooperative super-

visory board. While the characteristics of respondents based on the number of members is known that most cooperatives shaded by respondents have a majority of members of more than 50 people.

Descriptive analysis of the variables in the study is used to provide an overview of the minimum, maximum, average, and standard deviations values of each research variables. The results of variables descriptive analysis can be seen in table 2.

Table 2 shows that the average value of the dependent variable namely the effectiveness of internal control on KPRI in Semarang City of 38.35 is categorized as effective (high). In the independent variables, starting competence variable has an average value of 26.00 includes in the category of highly competent (very high). The variables of motivation, roles and work experience in a row have an average value of 34.77; 25.13; and 25.84. With this result, motivation variable includes in the criteria of high motivation, role variable is in the criteria large (high), while the variable of work experience has a high work experience criteria.

Data analysis techniques include validity test, reliability test, descriptive statistical analysis, normality test, multicollinearity test, autocorrelation test and test. The results obtained are summarized in Table 3.

Based on the results of the research instrument test, the results of validity test show that all items of questions in all the variables in the study are said to be valid because it has a  $r$  count  $\geq r$  table value of 0.355 so that all the questions in the questionnaire can be used in research. The result of reliability test indicates that all the variables research have a value of Cronbach's Alpha more than 0.70 so that the questionnaire in this

study can be trusted and done repeatedly.

The results of the classical assumption test on the normality test show that the data in this study is normally distributed. It can be seen from the result of Kolmogorov-Smirnov test that shows a significance value greater than 0.05. This research is free from multicollinearity which can be seen from tolerance value  $\geq 0.1$  and VIF  $\leq 10$ . Furthermore, the research is also free from autocorrelation test which is indicated from the result of run test with alpha significance value above 0.05. While the heteroscedasticity test through glejser test results obtained significant value of more than 0.05 which means the research data is free from heteroscedasticity.

Multiple regression analysis is used to determine the magnitude of the influence of competence, motivation, role, and work experience on the effectiveness of internal control. Multiple regression model obtained based on the results of the data is summarized as follows:

$$Y = 4.132 + 0.992X_1 + 0.379X_2 + 0.153X_3 - 0.334X_4 + e. (2)$$

The regression equation model (2) above means every increase of one percent of internal control effectiveness caused by an increase in the competence variable of 0.992, the motivation variable is 0.379, the role variable is 0.153 and the decrease in the experience variable is 0.334.

In the hypothesis test results that have been done about the influence of competence, motivation, role and work experience shows that not all hypotheses accepted. The results of hypothesis test summary can be seen in table 4.

**Table 2.** Result of Descriptive Analysis of Research Variables

	N	Minimum	Maximum	Mean	Std. Deviation
Effectiveness of internal control	31	33	45	38.35	2.858
Competence	31	23	30	26.00	2.066
Motivation	31	32	40	34.77	2.362
Roles	31	21	30	25.13	2.187
Work Experience	31	22	30	25.84	2.035
Valid N (listwise)					

Source: Primary data Processed, 2017

**Table 3.** Instrument Test Results and Classical Assumption Test

Variables	Reliability Test ( $\geq 0.70$ )	Classical Assumption Test					
		Normality Test		Muticollinearity Test		Autocorrelation Test	Heteroscedasticity Test
		Kolmogorov Smirnov	Sig ( $\geq 0.05$ )	Tolerance ( $\geq 0.10$ )	VIF ( $\leq 10$ )	Run Test ( $\geq 0.05$ )	Glejser Test ( $\geq 0.05$ )
Effectiveness of IC	0.860						
Competence	0.792	0.087	0.200	0.341	2.930	0.995	0.087
Motivation	0.760			0.602	1.661		0.620
Roles	0.871			0.443	2.257		0.553
Experience	0.822			0.280	3.573		0.069

Source: Primary data Processed, 2017

**Table 4.** Recapitulation of Hypothesis Test Result

	Hypothesis	$\beta$	Sig.	$\alpha$	Result
H <sub>1</sub>	The competence of cooperative supervisors has a positive and significant effect on the effectiveness of cooperatives internal control.	0.992	0.001	0.05	Accepted
H <sub>2</sub>	The motivation of cooperative supervisors has a positive and significant effect on the effectiveness of cooperatives internal control.	0.379	0.042	0.05	Accepted
H <sub>3</sub>	The role of cooperative supervisors has a positive and significant effect on the effectiveness of cooperatives internal control.	0.153	0.498	0.05	Rejected
H <sub>4</sub>	The work experience of the cooperative supervisor has a positive and significant effect on the effectiveness of cooperative internal control.	-0.334	0.279	0.05	Rejected
H <sub>5</sub>	Competence, motivation, role and work experience of cooperative supervisor have positive and significant influence to the effectiveness of cooperative internal control.	12.837	0.000	0.05	Accepted

Source: Primary data Processed, 2017

### The Effect of Competence on the Effectiveness of Internal Control

The result of hypothesis test shows that the first hypothesis (H1) in this study, which states that the competence of cooperative supervisor has a positive and significant effect to the effectiveness of internal control is accepted. The result of descriptive analysis of competence variable in this research is got the average value of 26.00. Based on this matter, it shows that the level of competence possessed by supervisory board of KPRI in Semarang City is in very high category (very competent). This illustrates that the higher level of competence possessed by internal supervisory board hence the higher the effectiveness of KPRI's internal control in Semarang City. The high level of competence of the internal supervisory board is also caused by the educational background of the cooperative supervisory board which majority has recent education as a bachelor. In addition, the supervisory board also often gets training on the world of cooperatives, especially regarding internal control.

This result is in line with agency theory. This theory explains that there is a relationship between two parties namely agent and principal party, where in this case the cooperative supervisor acts as the agent who will conduct supervision and control activities so that the cooperative has credibility and high level of trust so that can be trusted by members of the cooperative. In performing audit and control tasks, internal supervisory board is required to have competence in the form of sufficient skills, knowledge, and experience to conduct control or supervision on the implementation of the policy carefully.

The result of this study is in line with the result of research conducted by Putra & Rasmini (2014) and Hapsari (2012) which conclude that competence variable affects on the effectiveness of internal control. Observing that supervisor's competence has a significant effect on the effectiveness of the cooperative's internal controls, then members of the cooperative who have the right to

vote in the Member Meeting should select a supervisor with the knowledge and expertise reflected in his or her competence. In addition, in assessing the ability must also be motivated by the experience that had passed.

### The Effect of Motivation on the Effectiveness of Internal Control

The result of hypothesis test shows that the second hypothesis (H2) in this study, which states that the motivation of cooperative supervisor has a positive and significant effect on the effectiveness of internal control in this research is accepted. Descriptive analysis of motivation variable shows that the mean value of motivation is 34.77. Based on this result, the level of motivation possessed by the internal supervisory board of KPRI in Semarang City is in the high category. The higher the motivation had by the internal supervisory board, the higher the effectiveness of KPRI internal control in Semarang City. High level of internal supervisory board motivation can be caused by cooperative supervisory board that has clear duties and roles to minimize deviations and check all cooperative activities and operations. In addition, cooperative supervisory board has an attitude to always feel happy and responsible and has a clear target.

With the result which shows that the motivation affects on the effectiveness of internal controls in line with the theory of hope. This theory explains that people will be motivated to do certain things to achieve goals if they are confident that their actions will lead to the achievement of that goal. Motivation of the supervisor is used to be able to have a sense of spirit and always responsible in carrying out the task. The higher the motivation of the supervisor, the clearer the goal will be achieved.

The result of research is also in line with previous studies which stated that the variable of motivation have a positive and significant influence to the effectiveness of control, as in research Wijaya et al. (2016), B. C. Dewi et al.(2015), and Karunia (2015). It is important

for a supervisor to have a motivation in himself to develop and promote a cooperative where he works. Such motivation will increase the supervisor's work passion so that the supervisor works harder and more diligently. With a good supervisor's performance then the cooperative will have a good internal control.

### **The Effect of Role on the Effectiveness of Internal Control**

The result of hypothesis test shows that the third hypothesis (H3) in this study, which states that the role of cooperative supervisor has a positive and significant effect on the effectiveness of internal control in this research is rejected. The result of descriptive analysis of role variable in this study obtains an average value of 25.13. This shows that the role of supervisor in the cooperative is in the criteria of large (high). The role of a large supervisory board should be able to affect the effectiveness of internal control, but it is contrary to the results of hypothesis testing in this study which shows that the role does not affect the effectiveness of control internal.

The research result is not in line with role theory. The role theory describes social interaction in the terminology of actors who play in accordance with what is set by the culture. Role expectations are a shared understanding that guides individuals to behave in everyday life. The result of research also contradicts with previous research which stated that the role has a positive influence on the effectiveness of internal controls such as Miraceti (2011) and Wardah(2015).

However, the hypothesis of role variable rejected agrees with the result of research conducted by R. A. Dewi (2016). The result of descriptive analysis of role variable shows that the role of supervisory board is in high criterion, but the result of hypothesis test shows that role does not have an effect on the effectiveness of internal control. A good role performed by the internal supervisory board in applying inspection tasks does not necessarily have the ability to improve the effectiveness of the cooperative's internal control. According to R. A. Dewi (2016), the absence of role effect to the effectiveness of cooperative internal control in the result of hypothesis test in this research can be influenced by some other factors such as difference of research object, difference of respondent characteristic, up to difference of population and number of samples taken. Research objects can be the main factors that cause different research results. Previous studies that examine the role variable on the effectiveness of majority internal controls make companies as the object of research.

Based on Auditing Standard No. 5 published by Public Company Accounting Oversight Board (PCAOB) states that size, complexity, business processes, and business units can affect the way organizations achieve control objectives. The more complex an organization will be the more complex the objectives of control. Less complex organizations have different control objectives compared with more complex organizations, so that the role of the examiner / supervisory board within the or-

ganization is also different. From the statement above, it can be concluded that the differences in size, complexity, business processes, and business units will affect the results of individual parameters significance testing in research with the same theme. This is due to the different forms and organizational characteristics that make the organization's needs different so that the role of the internal examiner on the internal control effectiveness is also different and inconsistent in previous research.

### **The Effect of Work Experience on the Effectiveness of Internal Control**

The result of hypothesis test shows that the fourth hypothesis (H4) in this study, which states that the work experience of cooperative supervisor has a positive and significant effect on the effectiveness of internal control in this research is rejected. The result of the descriptive analysis of work experience variable in this study obtains an average value of 25.84. Based on the average value, it shows that the work experience of the supervisory board as a respondent is in very high criteria. Descriptive analysis of work experience variable that occupies very high criteria is contrary to the results of hypothesis testing.

The result of this study is not in line with agency theory which explains that there is a relationship between two parties namely agent and principal party. Where in this case the supervisor cooperative acts as the agent who will conduct supervision and control activities so that the cooperative has credibility and high level of trust so that it can be trusted by principals. In performing audit and control tasks, the internal supervisory board is required to have sufficient experience to conduct a thorough examination or supervision on the policy implementation, so it can help to produce a report of responsibility that has high trust from the principal side. This result also disagrees with previous research from R. A. Dewi (2016), Karunia (2015), B. C. Dewi et al.(2015), and Suantara et al. (2014) which explain that work experience has a positive and significant effect on the effectiveness of internal control.

The rejection of the working experience hypothesis to the effectiveness of internal control is in line with the research conducted by Delaila & Leny (2015) which states that work experience has no effect on the effectiveness of internal controls. Although the higher or longer experience of internal supervisors, it has no significant effect on the effectiveness of internal controls, where the effectiveness of internal controls will remain effective with or without work experience. Although the work experience possessed is high enough it does not have a significant effect on the assessment of the effectiveness of internal controls. Because usually the internal supervisory board of the cooperative can do an assessment on the effectiveness of internal control based on existing structures or frameworks that have been established in the cooperative standards. So in the implementation of its function, the supervisor of the cooperative sometimes has an implementation standard of functions and procedures that must be achieved in performing control or audit steps.

Another thing that causes the work experience does not affect the effectiveness of work experience that is the characteristics of respondents based on work period. The descriptive characteristics of the respondents shows that the majority of respondents in the study in the amount of 52 people have a period of work as supervisor of cooperative less than 8 years. While those who have work experience more than 10 years there are only 5 people. The lack of working experience of the research respondents as the supervisor of the cooperative is suspected to be the cause of the ineffective work experience on the effectiveness of internal control. On the other hand, differences in research results with previous research cannot be separated from differences in research characteristics namely research objects, research respondents, and samples taken.

### **The Effect of Competence, Motivation, Roles, and Work Experience on the Effectiveness of Internal Control**

The result of hypothesis test shows that the fifth hypothesis (H5) in this research which states that the competence, motivation, role and work experience of cooperative supervisor together have a positive and significant influence to the effectiveness of internal control in this research is accepted. The average of descriptive statistical result of internal control effectiveness variable in this research is 38.35. This result shows that the effectiveness of internal control at KPRI in Semarang City is on effective criteria (good). The result of descriptive analysis also illustrates that the effectiveness of internal control KPRI are more in effective category with frequency of 50 respondents' research (75.8%). With this conditions can be said that KPRI in Semarang City has applied internal control quite well and effectively.

The regression equation of this analysis can be used by cooperative businessmen as well as government agencies, especially the Department of Cooperatives and SMEs related to the improvement of the internal control effectiveness. The results of this study can be used by the Department of Cooperatives and SMEs to predict factors that affect the increase or decrease the effectiveness of internal control consisting of competence, motivation, role and work experience of the cooperative supervisory board. The occurrence of an increase or decrease in these factors will affect the increase or decrease in the effectiveness of internal controls. Factors that are predicted to affect the effectiveness of internal control is expected to be a solution to improve the effectiveness of controls on cooperatives, especially KPRI in Semarang City.

By presenting the variables that become factors influencing the effectiveness of internal control, it is expected business cooperatives, especially KPRI in Semarang City to always choose supervisors of cooperatives that have high level of competence and motivation, as well as the role and extensive work experience. Thus, later will be elected superintendents who are competent and experts in conducting supervision on the implementation of policy and management of cooperatives.

On the other hand, supervisors do not be introvert to continue broadening their horizons by participating in trainings.

### **CONCLUSIONS AND SUGGESTIONS**

Based on the results of research and discussion, then the conclusion of this study is the competence and motivation of cooperative supervisors partially have a positive and significant effect on the effectiveness of cooperatives internal control. While the role and work experience of cooperative supervisors partially have no positive and significant effect on the effectiveness of internal control cooperatives. Meanwhile, simultaneously the competence, motivation, role and work experience of cooperative supervisors have a positive and significant effect on the effectiveness of cooperatives internal control.

Based on the conclusion that has been put forward, there are several things that can be suggested by researchers, among others, for the Cooperative Employees of the Republic of Indonesia (KPRI) can use factors in the research that proved to affect the effectiveness of cooperative internal controls to select a internal supervisory board. Hence, later it will be elected supervisors who are experts in conducting supervision on the implementation of policy and management of cooperatives. For future researchers, should consider the use of other variables that will add influence to the effectiveness of internal control systems such as independence and professionalism. In addition, further research that examines the effectiveness of internal controls on the same research object that is KPRI, can increase the number of samples taken so that the results can be generalized and closer to represent the characteristics of the population.

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