



Determinants of Internal Auditor Performance through Knowledge Management with Organizational Culture as Moderating

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ARTICLE INFO

Article History:

Received January 15, 2018

Accepted March 1, 2018

Available November 30, 2018

Keywords:

Competency;
Knowledge Management;
Leadership Style;
Motivation;
Organizational Culture;
Performance Internal auditors

ABSTRACT

This study aims to analyze the influence of transformational leadership style and transactional to knowledge management with organizational culture as moderate, and direct influence of competence, motivation, and knowledge management on internal auditors performance. The population of this study is 172 BPKP auditors representative of Central Java. The minimum number of samples that can be taken based on the slovin formula is 120 auditors. Sampling technique used simple random sampling technique. Data collection used questionnaires. This research used Structural Equation Modeling (SEM) method. Hypothesis testing used SmartPLS 3.0 program. The results of this study indicate that transformational leadership has a positive effect on knowledge management. Transactional leadership has a positive effect on knowledge management. Organizational culture moderates the transformational leadership relationship to knowledge management. Organizational culture does not moderate the transactional leadership relationship to knowledge management. Competence has a positive effect on the internal auditors' performance. Motivation has a positive affects the internal auditors' performance. Knowledge management has a positive affects the internal auditors performance.. The conclusion of this study is the lack of attention of leaders given to the impact of organizational culture on the knowledge management.

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INTRODUCTION

One of the executors of the government's internal control duties which has the task of supervising the implementation of finance and development in accordance with the applicable laws and regulations is the Financial and Development Supervisory Agency (BPKP). Marganingsih, et al (2010) explained that in carrying out the audit function, BPKP needs to be supported by the performance of its auditors. A good audit is able to improve the quality of information and be able to provide assurance to audit service users that the audit process has been carried out appropriately, carefully and implemented according to the code of ethics (Setyaningrum & Murtini, 2014). Therefore, auditors must be able to apply abilities, knowledge, and experience. The audit function will be effective and optimum if the auditor's performance is supported by the auditor's behaviour.

Based on the performance accountability report (LAKIP) representatives of the Central Java BPKP in

2016 showed that there was a program target that has not been achieved maximally, namely APIP capability, while the other three strategic targets had been fully achieved. The failure to achieve all the strategic targets set by the BPKP indicates that the performance of the Central Java BPKP as a SPIP coach is still not optimal. The government is still unable to carry out its duties properly. In addition, the demands of the community and the implementation of governance which is clean and free KKN requires the implementation of a good supervisory function and internal control system for the implementation of government and state financial management. This to ensure that the implementation of activities is in accordance with established policies and plans and to ensure that the objectives are achieved economically, efficiently and effectively.

Many research studies have examined the relationship between leadership style and knowledge management practices. Research conducted by Crawford, (2005), Politis, (2001), and Nguyen & Mohamed (2011) state that transformational and transactional leadership styles have a positive effect on knowledge management practices. But different results were found by Satyagraha,

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(2010) who showed that transformational leadership has no effect on knowledge management. Crawford (2005) in his study conducted on failed attempts at knowledge management stated that the growing literature on knowledge management has emphasized the lack of leadership support for the failure of many knowledge management projects and truly considered leadership style as a significant factor influencing knowledge management activities.

Previous research has shown that organizational culture and leadership behaviour are widely considered to be the main obstacles to creating and utilizing knowledge management (Politis, 2001). Therefore, it is very important to articulate how the culture and style of organizational leadership influences an organization's ability to create and apply knowledge. The researchers have examined the relationship between leadership style and knowledge management. D.Politis, (2001) and (Crawford, 2005), and between organizational culture and knowledge management (Li, Zhang, & Zhang, 2013). Literature also alludes to the support of organizational culture as a moderating variable in the relationship between leadership style and knowledge management (Nguyen & Mohamed, 2011).

This study aims to examine the direct effect of competency, motivation, knowledge management on internal auditor performance, and transformational and transactional leadership style on knowledge management with organizational culture as the moderating variable. This research is a development of research conducted by Nguyen & Mohamed (2011) about the support of organizational culture as a moderating variable in the relationship between the leadership style on knowledge management. Originality in this research is in the form of adding independent variables namely competence and motivation as well as the dependent variable with internal auditor performance.

The reason for adding internal performance variable is due to the purpose of implementing knowledge management as a way to improve internal auditor performance. The performance will be more maximal if supported by the competence and motivation of the auditors. Giving Motivation can give encouragement for employees to be able to work better, so that ultimately the goals of the company can be achieved. Aguinis & Pierce, (2008) stated that other determinants of performance are competencies related to adequate education and experience owned by public accountants in auditing and accounting.

One of theories that can be applied to accounting research in public sector organizations such as government organizations and other non-profit organizations is the theory of stewardship. Contract relationships between stewards and principals on the basis of trust, act collectively in accordance with organizational goals, so that the appropriate model in the case of public sector organizations is stewardship theory. Donaldson and Davis (1991) defined that the stewardship theory describes a situation in which management is not motivated by individual goals but rather aimed at their main outcome goals for the benefit of the organization.

Another theory that supports this research regarding the two leadership styles is the path goal theory which explaining how the behaviour of a leader influences the motivation and work performance of his subordinates, in different work situations. This theory focuses on the way leaders influence subordinates' work performance about work goals, self-development goals, and ways to achieve goals. The basis of this theory is expectancy theory which states that a person's motivation depends on the expectation of the rewards and attractiveness of the reward.

Furthermore, motivation theory from McClelland stated that the motivation of subordinates through three kinds of motivation that exist in his theory, namely motivation for achievement, motivation for power, and motivation for affiliation. This theory was put forward by David McClelland. This theory is also called McClelland's Achievement Motivation Theory or McClelland's achievement motivation theory. In his theory, McClelland suggests that social motives are complex motives and are the source of many human behaviours.

Studies conducted by D.Politis, (2001) and Crawford,(2005) found that transformational leadership is able to influence the organization's learning processes and achievements thoroughly. Indeed, transformational leadership has a positive effect in encouraging and emphasizing work morale and involvement. By motivating followers to question assumptions, become curious, take smart risks and come up with creative observations, transformational leaders encourage individuals to break through the boundaries of learning and share their learning experiences both inside and outside the department (Nguyen & Mohamed, 2011).

In the path goal theory, a leader is expected to be able to have two basic functions which first provide clarity of flow. A leader must be able to help his subordinates in understanding how work method which is needed in completing the task, increasing the number of results (reward), his subordinates give support and attention to their personal needs. The ability of leaders to give rewards and explain what must be done by subordinates to get the reward. This is in accordance with transactional leadership

On the other hand, transactional leadership can improve the efficiency of learning organizations by emphasizing existing values and routines and focusing on improving efficiency in current practice, which allows the transactional leaders to encourage rule-based ways of doing things (Bass, 1997). Transactional leaders also provide members of organizations with formal systems and training programs that disseminate learning to guide future actions and decisions (Nguyen & Mohamed, 2011). In the path goal theory, the ability of leaders to give reward and explain what the subordinates must do to get the reward, this is consistent with transactional leadership.

H₁: Transformational leadership has a positive effect on knowledge management.

H₂: Transactional leadership has a positive effect on knowledge management.

Previous research conducted by Nguyen and Mohamed (2011), Politis (2001) and Crawford (2005) shows that transformational and transactional leadership styles have a significant influence on knowledge management practices. The big gap in the literature is the lack of attention given to the impact of organizational culture on the relationship between leadership and knowledge management (Block, 2003).

Furthermore, according to Bass (1985), transactional leaders work in their organizational culture and maintain consistent rules, procedures, and norms. On the other hand, Bass, (1985) noted that transformational leaders often change their organizational culture with new visions and revisions that have assumptions, values, and norms. In transformational culture, there is generally a sense of family goals and feelings. Assumptions, values, and norms do not prevent individuals from pursuing their own goals and benefits. The leader feels a personal obligation to help new members assimilate into the culture. Leaders and followers share common interests and a sense of shared fate and interdependence (Bass & Avolio, 1993).

Path goal theory seeks to predict leadership effectiveness in various situations, leaders become effective because of the influence of their positive motivation, ability to implement, and satisfaction of followers. This theory focuses on how leaders influence the perceptions of followers on work goals, self-development goals and ways to face goals. Important points in the path goal theory, that is; (1) Leaders meet the needs of subordinates with regard to job effectiveness, (2) Leaders provide training, guidance and support needed by their subordinates.

H₃: Organizational culture moderates the positive influence of transformational leadership on knowledge management.

H₄: Organizational culture moderates the positive influence of transactional leadership on knowledge management.

Darsono and Siswandoko (2011;123) competence is a combination of skills, knowledge, creativity and positive attitudes towards certain jobs that are manifested in performance. Competence is the character of a worker who is able to produce the best performance compared to others. Competence is related to the adequate education and experience that auditors have in auditing and accounting. An auditor must be a person who understands the field of accounting and auditing, and coupled with sufficient experience will improve the performance of an auditor.

The steward theory assumes that there is a strong relationship between organizational satisfaction and success. Organizational success illustrates the utility maximization of principals and management groups. Therefore, auditors must possess good competence in order to produce qualified human resources and form good performance as well, and competence will have a positive impact on the effectiveness of performance and an overall goal. So that, in the end it will provide public

satisfaction as service users

The results of the research conducted by Sunu, (2013) and Sujana, (2012) find empirical evidence that competence has a significant effect on auditor performance. This shows that competence is an absolute requirement for an auditor. Based on the description, the formulation of the hypothesis that can be taken is:

H₅: Competence has a positive effect on the internal auditor performance.

Motivation is a set of attitudes and values that influence individuals to achieve specific things in accordance with individual goals (Rivai, 2005). That a person's performance depends on the ability, motivation and support of the individual received, this is in line with the opinion of Supendy, (2012) who stated that performance is a function of ability, motivation, and resources. Therefore, to improve performance, steps are needed that are in accordance with the causes. If the employee's ability is not optimal, training is needed, if the motivation of employees is inadequate, a model of guidance and togetherness is needed, and resources need to be improved if inadequate.

Motivation theory from McClelland's hierarchy of needs revealed by Abraham Maslow views individual motivation as a sequence of needs, if the relative needs are fulfilled then the needs at the next level become the next important motivator. Motivation is a factor that can move a person to have the desire and willingness to work. Employees who are motivated in carrying out work will maximize their performance and organizational goals can be achieved.

H₆: Motivation has a positive effect on the internal auditor performance.

Anggapraja (2016) as well as Kosasih and Budiani (2004) stated that knowledge management has the effect of producing good performance, so an organization needs a good system. According to (Davidson & Voss, 2003), that knowledge management is a system that enables companies to absorb the knowledge, experience and creativity of their staff to improve company performance and generate sustainable competitive advantage by optimizing the process of creation, communication, and the application of all the knowledge needed to achieve business goals. Agustina & Susanta, (2016) stated that knowledge workers contribute fairly well to performance.

Competitive advantage can only be achieved if the individual's knowledge source which is the basis of strength is managed and maintained. Morling and Yakhlef (1999) stated that what will determine the company's success is the company's ability to manage corporate assets. Companies cannot create knowledge without the actions and interactions of their employees. This is the importance of the behaviour of employees to do Knowledge Sharing. Bollinger and Smith (2001) argued that the behaviour of humans is the key to the success or failure of a knowledge management strategy. However, knowledge is located in individuals and created by individuals. In addition, by providing facilities

/ media in improving the quality of the auditors' work will produce satisfactory performance for the organization (Anggapraja, 2016).

Stewardship theory assumes a strong relationship between organizational satisfaction and success. Organizational success illustrates the maximization utility of principals and management groups. Maximizing the utility of group will ultimately maximize the interests of individuals within the group of organizations. This the-

ory is an accountability related to the organizations in government because good governance must have good performance accountability.

H₇: Knowledge management has a positive effect on the internal auditor performance.

The following research model shows the relationship between variables:

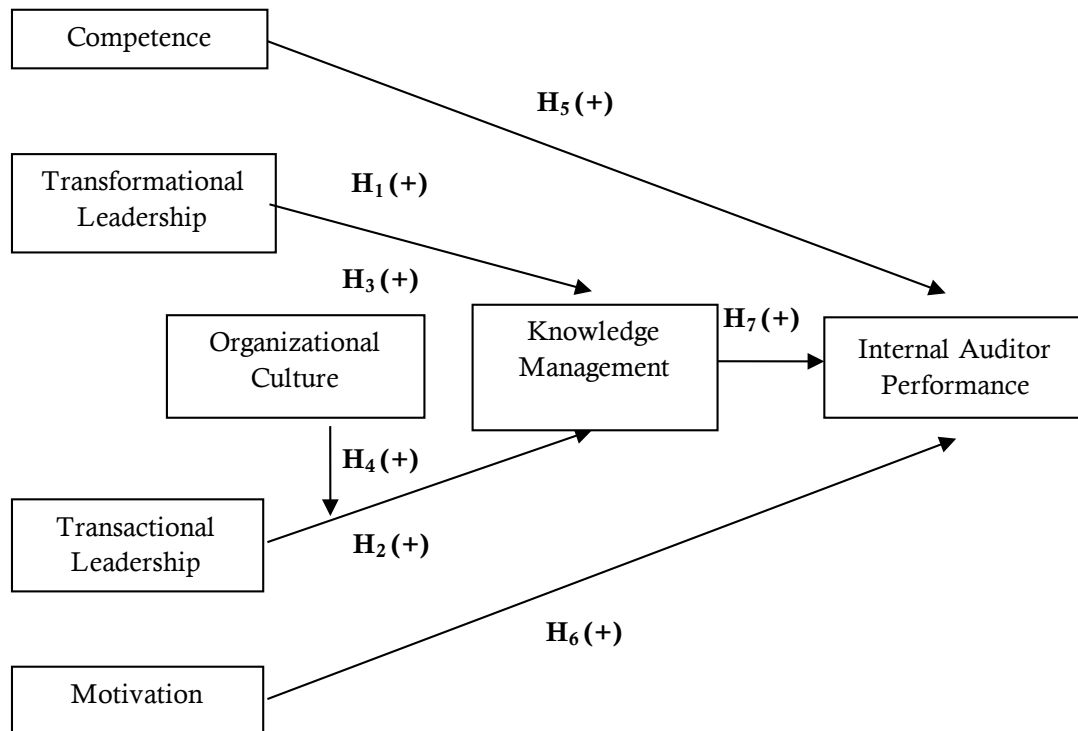


Figure 1. Theoretical Framework

RESEARCH METHOD

The type of this research was quantitative descriptive research. The data used in this study was primary data obtained directly from the representative BPKP of Central Java with the object of research being internal auditors through questionnaires. The population of this study amounted to 172 people. This study used simple random sampling technique by determining the number of samples using the slovin formula so that it got 120

samples with a rate of return of 58%.

The variables of this study consisted of internal auditor performance as the dependent variable, transformational leadership, leadership, transactional, competency, motivation as the independent variables and organizational culture as moderating variables and knowledge management as mediating variables. Explanation of the operational definitions of each variable used in this study presented in Table 1.

Table 1. Operational Definition of Variables

Variables	Definition	Indicator/Measurement
Competence (K)	Competence is a combination of skills, knowledge, creativity and positive attitudes towards certain jobs that are manifested in performance. Competence is the character of a worker who is able to produce the best performance compared to others (Darsono & Siswandoko 2011).	Knowledge, understanding, abilities, values and attitudes (Darsono & Siswandoko, 2011).
Motivation (M)	Motivation is a set of attitudes and values that influence individuals to achieve specific things in accordance with individual goals (Rivai, 2005).	The need for achievement, the need for power, the need for affiliation (David McClelland).

Continuation of Table 1. Operational Definition of Variables

Variables	Definition	Indicator/Measurement
Transformational Leadership (KTF)	Transformational leadership style is a leadership style for a leader who tends to give motivation to subordinates to work better and focus on behaviour to help transformational between individuals and organizations (Bass & Avolio, 1993).	Ideal attributes, influence of ideal behaviour, intellectual stimulation, inspirational motivation, and individual attention (Bass & Avolio 1994).
Transactional Leadership (KTC)	Transactional leadership is built on exchanges where leaders offer rewards (or threatening penalties) for desired performance behaviours and completion of certain tasks (Bass, 1997)	Contingent rewards, and management based on passive exceptions and management based on active exceptions (Bass, et al., 2003).
Organizational Culture (BO)	culture is a system of shared meanings that are found, created, and embraced by members of groups / organizations that distinguish the organization from other organizations (Robbins, 2006).	Engagement, mission, adaptation, and consistency. Denison IN (Satyagraha, 2010:46).
Knowledge management (KM)	Knowledge management is a structured approach that proposes methods for recognizing, evaluating, organizing storing and applying knowledge to meet organizational needs and goals (Davenport & Prusak, 2000).	I n t e r n a l i z a t i o n , extranalization, combination, and socialization (Nonaka & Takeuchi, 1995).
Internal Auditor Performance (KIA)	Rivai (2005) stated that performance is one of the total collections of work that exists in workers. Performance is the result of work produced by each employee to assist the business entity in achieving and realizing the objectives of the business entity.	Quality of work, quantity of work, knowledge of work, cooperation, initiative, creativity, can be relied upon (Gomes, 2003).

Source : Various Research Processed, 2017

The data collection method used in this study was a survey method through the distribution of questionnaires given directly to the internal auditors of Central Java BPKP. The analysis technique used in this research was Structural Equation Modelling (SEM) with Partial Least Square (PLS) analysis tools. This study used five latent variables formed with reflective indicators. PLS-SEM analysis usually consists of two sub models, namely the measurement model or often called the outer model and structural model or often called the inner model.

RESULTS AND DISCUSSIONS

The result of descriptive analysis of the variables show competency, transformational leadership, transactional leadership, organizational culture, knowledge management, and internal auditor performance are in good criteria while motivation is on high criteria. Outer model testing is used to test validity and reliability. Convergent validity test of reflective indicators with the SmartPLS 3.0 program can be seen from the loading factor and Average Variance Extracted (AVE). Based on the validity test, each indicator has a value of loading factor and AVE <0.05. Then, it can be said that the research questionnaire is valid and can be used to measure the research variables examined. While reliability

testing shows that all the variables are declared reliable because the values of Cronbach's Alpha and Composite Reliability are above > 0.70.

Testing the inner model or structural model is done to see the relationship between constructs, significant values, and R-square of the research model. Based on the R-Square of the latent variable of knowledge management has a R-Square value of 0.844, this means that 84.4% of knowledge management variability can be explained by the construct of transformational leadership, transactional leadership, and organizational culture support. While for the internal auditor's performance variable is 0.696. This value can be interpreted that the construct variability of the internal auditor performance which can be explained by the construct of competence, motivation, and knowledge management is 69.6%. Summary of the hypotheses test can be seen in table 2.

Transformational Leadership Has a Positive Effect on Knowledge Management

Hypothesis one (H₁) is accepted, this means that transformational leadership has a positive relationship to knowledge management. Important points in the path goal theory are leaders meeting the needs of subordinates with regard to job effectiveness. The leaders also

Table 2. Path Coefficient (Mean, STDEV, T-Values, P Values)

	Original Sample	Sample Mean	Standard Deviation (STDEV)	T Statistics	P Values	Results
KTF→KM	0.490	0.524	0.174	2.821	0.002	H ₁ Accepted
KTC→KM	0.371	0.327	0.140	2.660	0.004	H ₂ Accepted
KTF*BO→KM	0.143	0.047	0.233	0.614	0.270	H ₃ Accepted
KTC*BO→KM	-0.084	-0.015	0.160	0.522	0.301	H ₄ Rejected
K→KIA	0.236	0.229	0.114	2.068	0.020	H ₅ Accepted
M→KIA	0.577	0.581	0.120	4.821	0.000	H ₆ Accepted
KM□KIA	0.172	0.179	0.086	2.000	0.023	H ₇ Accepted

Data Source: Output SmartPLS 3.0, 2017

provide training, guidance and support needed. The leaders encourage and provide training will improve the knowledge that the auditors have in carrying out the analysis. Important points in the path goal theory are leaders meeting the needs of subordinates with regard to job effectiveness. The leaders also provide training, guidance, and support needed. The leader encourages and provides training will improve the knowledge that the auditors have in carrying out the audit.

The result of this study supported by research that have been done by Nguyen & Mohamed (2011), Crawford (2005), and Politis (2001) which state that transformational leadership has a significant positive influence on knowledge management. Transformational leadership is the style of a leader who tends to provide motivation to his subordinates by making subordinates' awareness to prioritize the interests of the organization / company so that the company's goals can be achieved.

The positive influence of transformational leadership on the application of knowledge management can occur because the leader is able to build trust between internal auditors to share knowledge. In addition, these leaders are able to motivate internal auditors to continue to improve their innovation and creativity so as to encourage organizational learning. Thus, internal auditors are encouraged to continually improve or increase their knowledge by utilizing the knowledge available in the Central Java's BPKP knowledge management tools and through training and seminars so that they will ultimately have an impact on improving auditor performance.

Transactional Leadership Has a Positive Effect on Knowledge Management

Hypothesis two (H₂) is accepted, this means that transactional leadership has a positive relationship to knowledge management. The result of this study is in accordance with the path goal theory. The basis of this theory is expectancy theory which states that a person's motivation depends on the expectation of the rewards and attractiveness of the reward. The path goal theory emphasizes that the ability of leaders to provide rewards and explain what must be done by subordinates to get the reward. Providing rewards and support from leaders will motivate subordinates to continually improve and better knowledge management

The results of this study are consistent with the results of the study conducted by Bass et al., (2003),

Nguyen & Mohamed (2011) and Crawford (2005) which state that transactional leadership style has a significant positive influence on the knowledge management. Transactional leadership style is a style of a leader encouraging employees to work by providing resources and rewards in return for achieving effective tasks.

In the transactional relationships, leaders promise and reward employees whose performance is good, and threaten and punish employees whose performance is poor. Transactional leadership who promises high rewards and achievement and will make subordinates tend to work better. Thus, it can be concluded that transactional leadership can make an auditor motivated to continue to better or improve knowledge management so that they can get promised rewards and not get penalties from the results of their performance.

Organizational Culture Moderates the Positive Influence of Transformational Leadership on Knowledge Management

The result of this study shows that organizational culture moderates the positive relationship of transformational leadership to knowledge management, so that it can be concluded that H₃ is accepted. The results of this study are supported by the results of research conducted by Bhatt, (2001) Politis, (2001) and Crawford (2005) revealed that the moderate role of organizational culture in the relationship between transformational leadership and knowledge management has a positive and significant effect.

Chang and Lee (2007) emphasize the importance of building learning organization to support the knowledge management process. In encouraging employees to want to learn, it is necessary to have an organizational culture to support so employees can improve and share knowledge easily. Further, it is explained that the culture of sharing knowledge requires high trust between employees and management. Building trust in organizations, influencing people to change and building organizational culture is the role of leadership. This indicates that leadership can influence knowledge management through the creation and development of a culture that values knowledge (Bollinger & Smith: 2001). Auditors who have good knowledge will be able to obtain and develop the tasks they carry out, so that the level of performance becomes better.

Organizational Culture Moderates Positive Influences of Transactional Leadership on Knowledge Management

The results of the study show that organizational culture does not moderate the relationship of transactional leadership to knowledge management, so it can be concluded that H_4 is rejected. This study is supported by findings found by Chang & Lee (2007) as well as Nguyen & Mohamed (2011) which reveal that organizational culture moderates the relationship between transactional leadership and knowledge management has a negative impact. The process of transactional leadership is built on exchanges where leaders offer rewards (or threatening penalties) for desired performance behaviours and completion of certain tasks (Bass, 1997).

Transactional leadership can lead to follower compliance, but it is not possible to generate enthusiasm and commitment for the purpose of the task. Organizational culture has a very close relationship with knowledge management in terms of support for the creation of an environment and atmosphere that allows knowledge sharing within the organization. If the organization does not consider that knowledge sharing is important for the progress of the organization, then the culture created in the organization will not support the creation of a knowledge-sharing atmosphere.

Competence Has a Positive Effect on Internal Auditor Performance

The fifth hypothesis (H_5) states that competence has a positive effect on the internal auditor performance is accepted. The result of the hypothesis is in accordance with the stewardship theory which assumes a strong relationship between organizational satisfaction and success. Organizational success illustrates the utility maximization of principals and management groups. Therefore, the auditors must possess good competence in order to produce qualified human resources and form good performance as well, and competence will have a positive impact on the effectiveness of performance and goals as whole.

The result of this study is consistent with the studies of Sunu, (2013) and Sujana, (2012) which states that competence has a positive and significant effect on internal auditor performance. Auditor competency is the qualification required by the auditor to carry out a performance audit well. Regulation of the Head of the Financial Audit and Development Agency (BPKP) No.Per-211 / K / JF / 2010 states that competency is the ability and characteristics possessed by a person in the form of knowledge, expertise, and behavioural attitudes needed in carrying out his duties and positions. This shows that competence is an absolute requirement for an auditor. So that the better the competence possessed by the auditor, it will improve the internal auditor's own performance in performing the government audit function.

Motivation Has Positive Impact on Internal Auditor Performance

Hypothesis six (H_6) states that motivation has a positive effect on the internal auditor performance is accepted. The result of hypothesis testing is in accordance with the theory of motivation from McClelland's hierarchy of needs put forward by Abraham Maslow views an individual's motivation as a sequence of needs, if the needs are relatively fulfilled, then the need in the next level becomes next important motivator. Motivation is a factor that can move a person to have the desire and willingness to work. Employees who are motivated in carrying out work will maximize their performance and organizational goals can be achieved.

The result of this study is consistent with the studies of Sujana, (2012) and Supendy (2012) which state that motivation has a positive and significant effect on the internal auditor performance. Motivation is one of the factors that can affect performance, with motivation, it is expected that internal auditors can work hard and enthusiastic to achieve high work results.

In order to increase the motivation of internal supervisors in carrying out their duties, local governments have encouraged an organizational policy, which provides an opportunity for internal supervisors to enter into the auditor's functional position, with the intention of providing comfort to the auditor in carrying out their duties and can improve their performance.. The testing of motivation variable on the internal auditor performance indicates that the higher the motivation owned by the auditor, it will improve the internal auditor's own performance in conducting government audits.

Knowledge Management Has a Positive Effect on Internal Auditor Performance

The result of this study shows that H_7 is accepted, knowledge management has a positive and significant effect on the internal auditor's performance in conducting government audits. The result of hypothesis testing is in accordance with the stewardship theory which assumes a strong relationship between organizational satisfaction and success. Organizational success illustrates the utility maximization of principals and management groups. This theory is an accountability where it relates to organizations in government because good governance must have good performance accountability.

This result is in line with the studies of Anggapraja (2016), Kosasih and Budiani (2004) which stated that knowledge management has a positive effect. To produce good performance, the company needs a good system. This system is not only an existing regulation or standard but also involves parties directly related to human resources. Currently, public organizations are increasingly demanded to provide professional services. This certainly can be done if the public organization has high knowledge and skills (knowledge worker) on the internal auditor's performance.

Auditors' perception shows that knowledge management is needed to support tasks and work, this is seen from the results of descriptive statistics which show that

each indicator falls into the criteria of good and very good. This knowledge is the ability or expertise possessed by the auditor regarding accounting, audit, or fraud and knowledge that supports his work. Auditors at BPKP representatives of Central Java understand the importance of knowledge management in improving internal auditors' performance in performing audit functions.

CONCLUSIONS AND SUGGESTIONS

Based on the results of research and discussion, it can be seen that both transformational and transactional leadership styles have a positive effect on knowledge management. Organizational culture moderates the relationship of transformational leadership to knowledge management, but organizational culture does not moderate the relationship of transactional leadership to knowledge management. Competence has a positive effect on the internal auditor performance. Motivation has a positive effect on the internal auditor performance. Knowledge management has a positive effect on the internal auditor performance. Suggestions given for further research can conduct research in May-June because the auditor is not conducting an audit. Further research can add data collection methods with interviews or semi-open questionnaires to add the latest information or receive suggestions from respondents.

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