

THE INFLUENCE OF INTERNAL CONTROL SYSTEM ON THE IMPLEMENTATION OF GOOD CORPORATE GOVERNANCE AT DR. WAHIDIN SUDIROHUSODO HOSPITAL IN MAKASSAR

Anugerah Satria Putra^{1*}, Haliah², Andi Kusumawati³

^{1,2,3}Bussiness and Economic Faculty, Hasanuddin University Makassar, Indonesia

*Corresponding Author:

rompol1717@gmail.com

Abstract

This research aims to examine and analyze the influence of the internal control system and organizational culture on the implementation of good corporate governance. Data analysis was carried out using primary data on questionnaire answers from hospital employees and then analyzed quantitatively, namely regression analysis using SPSS. The results of this research show that the internal control system has a positive and significant effect on good corporate governance. This shows that a good internal control system can improve the implementation of good corporate governance.

Keywords: Internal Control System, Good Corporate Governance, Linear Regression

1. Introduction

A hospital is one of the healthcare facilities where health efforts are organized. Health efforts encompass any activities aimed at maintaining and improving health, with the goal of achieving optimal health levels for the community. Minister of Health Decree of the Republic of Indonesia Number 228/Menkes/SKIII/2002 on Guidelines for the Preparation of Minimum Service Standards for Hospitals is mandatory for implementation by local governments. Additionally, Law Number 32 of 2004 concerning Regional Governments stipulates that health development is one of the areas that must be carried out by regional (provincial) governments, which bear full responsibility for health development to enhance the health status of the community. Therefore, hospitals must establish a robust governance system.

In achieving good corporate governance (GCG), it refers to a set of rules, practices, and processes for controlling a company by balancing the interests of stakeholders, including shareholders, management, consumers, suppliers, investors, government, and the community. Good Corporate Governance serves as an effort to avoid the possibility of misallocation and investment, prevent both political and administrative corruption, maintain budget discipline in creating a legal framework for the growth of activities in serving the community, and demands the establishment and implementation of corporate governance principles in the company's managerial processes. The effectiveness of Good Corporate Governance in a company improves with the functioning of internal controls and the realization of transparency, accountability, responsibility, independence, and fairness. The internal control system can be a crucial factor in ensuring the effective operation of a system (Mardiasmo, 2009).

The internal control system, as a type of supervision, is necessary due to the need to delegate authority and responsibility in a company or organization. This is because the

internal control system can fulfill the function of an accounting information system concerning adequate control for securing organizational data assets. The internal control system also has a positive impact on the organization/agency; conversely, an organization without internal controls cannot achieve its goals effectively and efficiently. The larger an organization, the more important the role of the internal control system within that organization.

Dr. Wahidin Sudirohusodo Hospital in Makassar is one of the government-owned central public hospitals located in the city of Makassar, situated at Jl. Perintis Kemerdekaan Km.11 Tamalanrea, Makassar. The researcher selected this hospital as the research subject because the issues within the hospital are relevant to the researched problem of good governance or GCG. Choosing the hospital as the research object also facilitates easier access to research data due to its proximity to the research location. This easier access to research data is also associated with limited research time and funds. Given the importance of internal control systems and organizational culture in the implementation of good corporate governance, the researched title is "The Influence of Internal Control Systems on the Implementation of Good Corporate Governance at Dr. Wahidin Sudirohusodo Hospital in Makassar." The expected outcomes of the research include contributions, theoretical foundations, and empirical evidence to guide subsequent research and serve as considerations in supporting a service policy at Dr. Wahidin Sudirohusodo Hospital.

2. Theoretical Background

2.1 Conceptual Framework

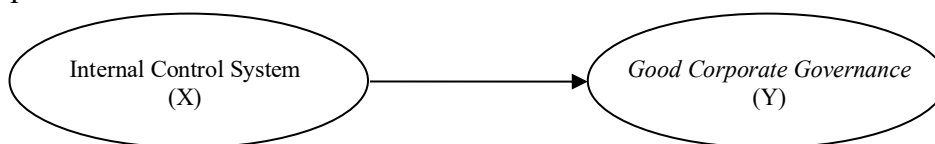


Figure 1. Conceptual Framework

Note:

→ : Simultaneously

The framework diagram above illustrates that the internal control system as a variable (X) will simultaneously influence good corporate governance (H1). The internal control system includes organizational structure, methods, and coordinated measures to safeguard organizational assets, verify the accuracy and reliability of accounting data, promote efficiency, and ensure compliance with management policies (Mulyadi, 2017). Good Corporate Governance is a system, process, structure, and mechanism that regulates a harmonious relationship pattern between the company and its stakeholders to achieve optimal company performance in ways that do not harm the stakeholders' interests (Manossoh, 2016).

3. Methods

This research adopts a quantitative approach. The objective is to conduct correlational research aimed at determining the existence and extent of the relationship between two or more variables. The type of data used in this research is subject data (self-report data), comprising responses to statements in a questionnaire using a Likert scale with scores ranging from one (strongly disagree) to five (strongly agree). The

population for this research includes all employees at Dr. Wahidin Sudirohusodo Hospital in Makassar. The sample consists of employees holding positions (Echelon II, Coordinators, Sub-Coordinators, Heads of Installations and Sub-Installations) at Dr. Wahidin Sudirohusodo Hospital in Makassar, totaling 129 individuals.

This research utilizes a sampling method. The data collection technique involves distributing questionnaires directly to the respondents. The questionnaire is divided into three parts containing statements related to the variables, namely the internal control system (19 statements) and good corporate governance (19 statements). Data analysis in this research employs statistical methods using the IBM SPSS Statistics v.26 application. To assess the accuracy of the measuring instrument for the studied variables, the research first evaluates the measurement model (external model), which includes validity and reliability tests.

3.1 Data Analysis

Testing the direct influence of an independent variable on the dependent variable in this research employs multiple linear regression. The utilization of this data analysis aims to understand the influence of the internal control system on good corporate governance. The equation used is as follows:

$$Y = \alpha + \beta X + e$$

Note:

Y : *Good Corporate Governance*

X : *Internal Control System*

B : *Coefficient of Internal Control System Regression*

e : *Error Term*

4. Results and Discussion

The data utilized in this research are primary data, with the research population encompassing all employees at Dr. Wahidin Sudirohusodo Hospital in Makassar. The total number of respondents in this research is 129 individuals.

Table 1. Validity Test of Variable X

Indicator	r Calculated	r Table	Noted
X-1	0,565	0,173	Valid
X-2	0,603	0,173	Valid
X-3	0,636	0,173	Valid
X-4	0,692	0,173	Valid
X-5	0,669	0,173	Valid
X-6	0,666	0,173	Valid
X-7	0,541	0,173	Valid
X-8	0,731	0,173	Valid
X-9	0,527	0,173	Valid
X-10	0,609	0,173	Valid
X-11	0,628	0,173	Valid
X-12	0,593	0,173	Valid
X-13	0,700	0,173	Valid
X-14	0,552	0,173	Valid
X-15	0,627	0,173	Valid
X-16	0,723	0,173	Valid
X-17	0,653	0,173	Valid

X-18	0,661	0,173	Valid
X-19	0,626	0,173	Valid

Table 2. Validity Test of Variable Y

Indicator	r Calculated	r Table	Noted
Y-1	0,630	0,173	Valid
Y-2	0,615	0,173	Valid
Y-3	0,560	0,173	Valid
Y-4	0,521	0,173	Valid
Y-5	0,621	0,173	Valid
Y-6	0,795	0,173	Valid
Y-7	0,591	0,173	Valid
Y-8	0,623	0,173	Valid
Y-9	0,638	0,173	Valid
Y-10	0,712	0,173	Valid
Y-11	0,615	0,173	Valid
Y-12	0,601	0,173	Valid
Y-13	0,512	0,173	Valid
Y-14	0,694	0,173	Valid
Y-15	0,657	0,173	Valid
Y-16	0,685	0,173	Valid
Y-17	0,591	0,173	Valid
Y-18	0,571	0,173	Valid
Y-19	0,405	0,173	Valid

Based on the table above, the variables of the internal control system and good corporate governance have a calculated r value greater than 0,173. It can be concluded that all statements in the questionnaire are valid and able to depict the situation measured by the questionnaire.

4.1 Reliability Test

Reliability testing is used to measure the level of consistency among respondents in assessing statements in a questionnaire. A questionnaire is considered reliable if each statement in the questionnaire for all research variables has a value above 0,60.

Table 3. Reliability Test

Variable	Cronbach Alpha	N of Items	Noted
X	0,913	19	Reliable
Y	0,906	19	Reliable

Based on the table above, it can be concluded that each statement in the questionnaire for all research variables is reliable because the Cronbach's Alpha value for each variable is > 0,60.

4.2 Descriptive Statistics

Table 4. Descriptive Statistics

Variable	N	Minimum	Maximum	Mean	Std. Deviation
Internal Control System	129	64	95	78,19	6,844
Good Corporate Governance	129	63	95	77,57	7,379
Valid N (listwise)	129				

Based on Table 4, it can be observed that the sample size used is 129 samples. The Internal Control System variable has a minimum value of 64, a maximum value of 95, a mean value of 78.19, and a standard deviation of 6.844. The Good Corporate Governance variable has a minimum value of 63, a maximum value of 95, a mean value of 77.57, and a standard deviation of 7.379.

4.3 Multiple Linear Regression Analysis

4.3.1 Coefficient of Determination (R^2)

The Coefficient of determination or (R^2) is conducted to assess the extent to which independent variables explain the variation in the dependent variable. The results of the R^2 calculation for this research can be seen in the following table.

Table 5 Coefficient of Determination(R^2)

Variable	R^2	Percentage	Noted
Internal Control System	0,528	52,8 %	Affect

with *good corporate governance* as dependent variable

Based on the table above, the value for this research is $0.532 = 53.2\%$. Therefore, it can be concluded that this regression model can explain 53% of the influence of the internal control system on good corporate governance.

4.3.2 Model Feasibility Test (F Test)

The F test is conducted to determine whether independent variables simultaneously influence the dependent variable. The results of the F test calculation for this research can be observed in the following table.

Table 6 F Test

Variable	F	Significant	Noted
Internal Control System	49,092	0,000	Affect

with *good corporate governance* as dependent variable

Based on the table above, the calculated F value is 49.09, while the resulting significance value is 0.000, which is smaller than 0.05. Thus, it can be concluded that this multiple regression model is suitable for use, and the independent variable, the internal control system, has a simultaneous influence on the dependent variable, good corporate governance.

4.3.3 Hypothesis Testing

The research results indicate that the internal control system has a positive and significant effect on good corporate governance. This can be observed from the calculated F value of 49.092, with a significance value of 0.000, which is smaller than 0.05. From the data processing results in this research, it can be concluded that the internal control system has a positive and significant simultaneous effect on good corporate governance. This means that H1 is accepted. Empirically, the findings in this research align with previous research conducted by Maulana (2020), Taha (2019), and Wahyuni (2017).

5. Conclusion

The internal control system has a positive and significant impact on the implementation of good corporate governance. This indicates that a high implementation of the internal control system will enhance good corporate governance

at Dr. Wahidin Sudirohusodo Hospital in Makassar. The results of this research also align with stewardship theory, which states that good governance can improve services.

The selection of variables suspected to influence good corporate governance is limited to the internal control system. This may overlook other factors that have a more significant impact on good corporate governance.

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