Internal Control, Organizational Commitment and Performance of Sasirangan Small and Medium Industries in South of Kalimantan Indonesian

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Abstract: The type of research conducted in this research is quantitative research which aims to explain the partial and simultaneous relationships between variables through testing hypotheses. The sample of this study was SMI (Small and Medium Industries) of Banjamasin Sasirangan in South Kalimantan, namely 35 units of SMI Sasirangan. The results of this study indicate that the results of the validity and reliability test of all instruments in the variables are significantly related and reliable and also have been tested for classical assumptions consisting of Normality Test, Multicollinearity test, and Heterocedasticity Test, which shows no deviation. The analysis technique using Multiple Linear Regression Method is carried out in this study, and can be concluded that Internal Control and Organizational Commitment simultaneously have a significant influence on the SMI Performance in the city of Banjarmasin, as for the magnitude of the influence can be seen from the terminated coefficient or $r2 = 0.169$.

1 INTRODUCTION

The success of a company in carrying out its business activities can be measured through its performance. Performance can be interpreted as the development of achievements or results that have been achieved by the company during operation, both achievements in the financial and non-financial fields (Boso, et al. 2013). And according to (Hafeez, et al. 2011) performance is seen as a concept used to measure the extent to which market achievements have been achieved by a product produced by a company. In order to achieve good performance again satisfying the company, it is demanded to have an advantage in competition in order to be able to outperform the competition in its business environment. Of course, to maximize performance, there needs to be internal control of a company. This is reinforced by Nugroho Widjayanto (1985:4) internal control is a system that is interwoven in the organization by applying various methods and other benchmarks with the aim of running activities according to what is outlined . This statement was reinforced by the AICPA (American Institute of Certified Public accountants) in Wilopo (2006: 349) explaining that internal control is very important,

among others, to provide protection for the entity against human weaknesses and to reduce the possibility of errors and actions that are not in accordance with the rules. Managing and implementing good internal control will make it easier for a company to achieve its objectives. Internal control has a significant effect on company performance. Explicitly to improve the performance of companies other than through internal control also needs to be supported by Organizational Commitments. Robbins (1989).

Organizational commitment according to O'Reilly (1989) is as a person's psychological bond to the organization which includes work involvement, loyalty and a feeling of trust in organizational values. Furthermore according to Luthans (2006) strong desire to remain as a member of a particular organization, the desire to strive according to the wishes of the organization and certain beliefs also accept the values and goals of the organization. Organizational commitment can also be considered as a key aspect of company performance Greenberg and Baron (2003: 160). Organizational commitment also facilitates faithfulness in the work as well as acceptance of organizational values and goals to improve company performance. Seeing the strength of the results of the

study of the influence of internal control and organizational commitment on the performance above, the researchers are motivated to review the effect of internal control on the performance of SMIs, the influence of organizational commitment on the performance of SMIs, so that a research model that integrates SMI Performance variables is built. the development of Sasirangan SMI in South Borneo, especially the city of Banjarmasin is quite small. Because of the tightness faced by South Kalimantan Sasirangan industrial companies triggered by weaknesses to compete with similar products. Admittedly, the Sasirangan industrial business in South Borneo, especially in Banjarmasin, still has many weaknesses, among others, the ability to compete with other batik products classified as still low, especially batik products that have Sasirangan motifs from China. When compared with batik products from China the price and quality of the South Kalimantan Sasirangan are still far behind. Made batik from China has better quality and cheaper price, this is because the artificial batik products from China the production process has used more modern technology, namely by using a printing machine so that the production process can run very quickly, certainly more time efficient, and can produce more quality batik products with more quantities compared to the results in South Borneo.The product of South Borneo Sasirangan, the production process still uses the old method, aka it is still very traditional and manual, so that the production process is slow and inefficient. The quality produced by SMI Sasirangan in South Borneo has not met the standard quality, the motives between the one product and the other products are of varying quality. And also the low competitiveness of Sasirangan SMIs in South Borneo was triggered by the weak ability possessed by Sasirangan batik businessmen to find out the changes in customer interest in the motives and quality of Sasirangan, thus resulting in the difficulty of producing the truly SMI industry in South Borneo. according to what the customer wants, and results in reduced customer satisfaction. While the desire to make changes to the production process by shifting from more traditional manual methods to more modern ways of using printing machine technology has not been done so far, due to the limited capital possessed and to maintain the authenticity of Sasirangan South Borneo fabrics.

From the phenomena above, the problems to be examined in this study are to examine the extent to which the efforts carried out or carried out by SMI Sasirangan in increasing their superiority in competing in order to improve their business performance through Internal Control and Organizational Commitment. Due to the competitive advantage is the most important thing in the business world for the company to outperform the competition with its competitors. And competitive advantage can be produced by good performance. Therefore, to have an advantage in competing and maximum performance, the company needs to conduct Internal Control activities to be more careful in production, which is more efficient in all things, and obtain accurate information, especially knowing the types and criteria that consumers want, knowing weaknesses and strengths. strategies used by competitors in the face of competition. In addition, the company's performance also needs to be supported by organizational commitment because through organizational commitment loyalty will be prioritized in fulfilling the company's vision and mission, his love of the company will make a positive contribution to its performance that will create new products that are more unique, more eifsien and more quality so that the creation of excellence in competition in the business environment.

2 METHODOLOGY

2.1 Population

The population in this study is SMI Sasirangan in the city of Banjarmasin. So based on the criteria the number of population distribution of SMI Sasirangan in Banjarmasin is 54 business units, and taken as many as 35 business units.

2.2 Type of Research

The type of research used in this research is explanatory research which is a study of things that are still unfamiliar. Where researchers are not familiar with the problem under study. According to Umar (1999: 36) explanatory research (explanatory research) is a research that aims to analyze the relationships between one variable and another or how a variable influences other variables. The research method used is the survey method, through this method the data is collected based on the respondent's answers to the list of questions that the researcher submitted through filling out the questionnaire.

2.3 Data Collection Technique

A number of written questions or statements about factual data or opinions relating to the respondent's self, which are considered facts or truths that are known and need to be answered by the respondent. In general, the purpose of using questionnaires or questionnaires in research is to collect a number of information relevant to the needs. Of course the questionnaire requires a measurement scale in each question. The measurement scale used by researchers to measure each variable is a 1-5 Likert scale. The Likert scale generally uses scale points and the degree of agreement strongly disagrees until it agrees strongly. In this study used the assessment range 1 to 5, with an explanation 1 = Strongly Disagree; 2 = Disagree; 3 = Hesitate; 4 = Agree; 5 = Strongly Agree.

Then, data collection by conducting direct interviews with SMI leaders in the batik industry Sasirangan in Banjarmasin which were used as respondents in this study by asking systematic questions.

Observation, is one of data collection technique used, where researchers make observations directly to the object of research to see closely the activities carried out (Riduwan, 2004: 104). Collecting data by making direct observations with the SMI of the Sasirangan batik industry in the city of Banjarmasin which was used as respondents in this study.

2.4 Data Analysis Method

2.4.1 Classic Assumption Test

Data Normality Test aims to find out that the data collected is normally distributed or not. Can be known the sample taken from a population that is normally distributed or not. If testing is normal, the results of statistical calculations can be generalized to the population. Normality test in this study can be used Kolmogorovosmirnov test, the criteria are significance for one-sided test results of calculations greater than 46> 0.05 means normal distribution. Data Normality Test is conducted with the SPSS version 20 program.

Multicollinearity test aims to test whether the regression model found correlation between independent variables. To detect the presence or absence of multicollinearity is done by looking at the value of Tolerance Value and Variance Inflation Factor (VIF). Tolerance Value measures the variability of selected independent variables that are not explained by other independent variables. So, a

low tolerance value equals a high VIF value because VIF = 1 / Tolerance Value). The value commonly used to indicate the existence of mulitkolonieritas is the value of Tolerance Value <0.01 or equal to the value of VIF> 10 so there is no multicolinerity between the independent variables (Imam Ghozali, 2009: 96). The Multicollinearity Test is carried out using the SPSS version 20 program.

Hiteroskedasticity test

This method is by looking at the scatterplot graph between the standardized predicted value (ZPRED) and the residual studentized (SRESID). There is no particular pattern on the scatterplot graph between SRESID and ZPRED where the Y axis is Y which has been predicted and the X axis is the residual (Y prediction - Y is real).

2.4.2 Regression Analysis and Multiple Regression Analysis

In conducting regression analysis in this study, the results obtained from the questionnaire were processed using statistical tests. The statistical test used is regression analysis and multiple regression techniques using the SPSS Version 20 program. With multiple regression equations, namely:

$$Y = \alpha + \beta1X1 + \beta2X2$$

Where :
    Y: Performance of SMIs
    X1: Internal Control
    X2: Organizational Commitment
    β: Regression coefficient
    α: Constants

2.4.3 Hypothesis Test

In testing the hypothesis in this study, the results obtained from the questionnaire were processed using the F test and t test using the SPSS Version 20. F test aims to test the hypothesis whether there is a significant influence between internal control and organizational commitment to the performance of SMI simultaneous, while the t test aims to test the hypothesis whether there is a significant influence between internal control and organizational commitment on the performance of SMI partially.

3 RESULTS AND DISCUSSION

3.1 Normality Test

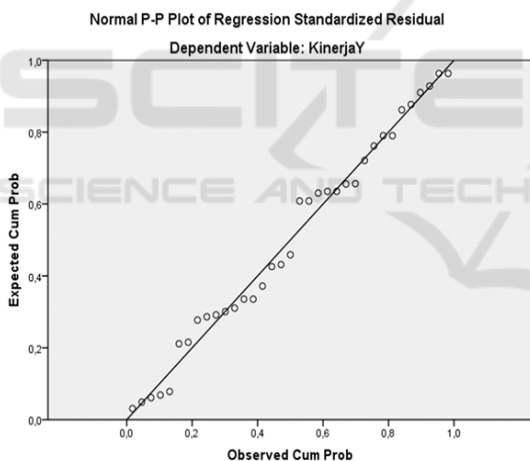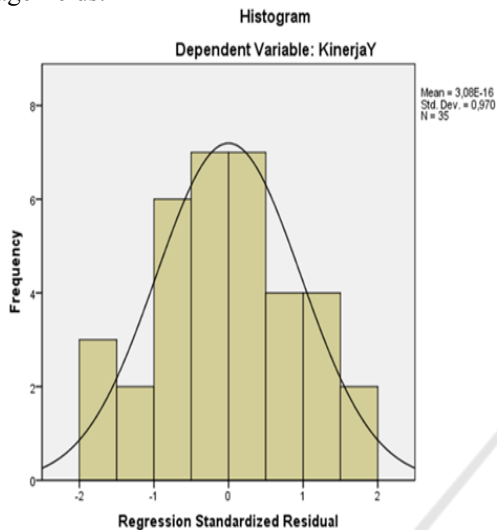The normality test is displayed in the following image fields:

Figure 1. Histogram diagram

By looking at the graph display of the histogram and the normal graph the plot can be concluded that the histogram graph displays a distribution pattern that is near normal. Whereas in the normal graph the plot shows points spreading around the diagonal line, and its distribution follows the direction of the diagonal line. These two graphs show that the regression model is appropriate to use because it meets the assumption of normality.

3.2 Multicollinearity Test

Multicolonearity test is used to test whether the regression model found a high correlation between independent variables. A good regression model should not have a high correlation between independent variables. The multicollinearity testing method used in this study is by looking at the value of Inflation Factor (VIF) and Tolerance in the regression model. If the VIF value is less than 10 and Tolerance is more than 0.1, then the regression model is free of multicolonearity. The results of the Multicollearance test can be seen in Table 5.1 below

Table 1. Multicollerity Test

Model		Sum of Squares	df	Mean Square	F	Sig.
		ANOVA[b]				
1	Regression	45,432	2	22,716	3,849	,052[a]
	Residual	223,710	32	6,991		
	Total	269,143	34			

a. Predictors: (Constant), KomitmenOrganisasiX2, PengendalianInternalX 1
b. Dependent Variable: KinerjaY

Based on table 1 above shows the VIF value of 3.849 is less than 10 for both variables, it can be concluded that the regression model does not occur multicollinearity problems.

3.3 Hiteroskedasticity Test

Hiteroskedasticity can be detected by looking at the plot graph between the dependent variable predictive value (ZPRED) and the residual (SRESID). Detection of the presence or absence of hiteroskedasticity can be done by looking at the presence of a particular pattern and the scatter plot graph between SRESID and ZIPRED where the Y axis is Y that has been predicted, the X axis is the residual (Y prediction - real Y) that has been on studentizet. Can be seen in Figure 2 below.
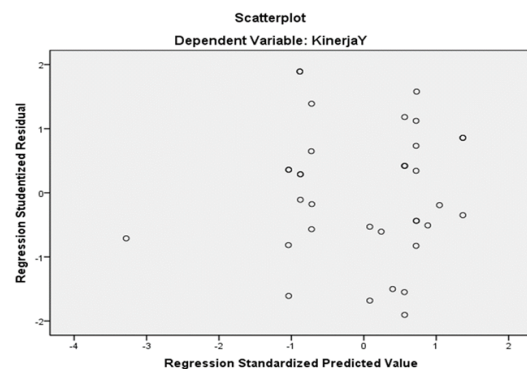

Figure 2. Scatterplot diagram

Based on the scatter plot graph above, it can be seen that the points spread randomly and spread both above and below the 0 in the Y axis field. It can be concluded that there is no heteroskadestisias in the regression model, so that the appropriate regression model is used to predict the performance.

3.4 Hypothesis Testing

Table 2. Results X1 Against Y

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,315ª	,099	,072	2,710

a. Predictors: (Constant), PengendalianInternalX1

Coefficientsª

Model		Unstandardized Coefficients B	Std. Error	Standardized Coefficients Beta	t	Sig.
1	(Constant)	13,162	3,760		3,501	,001
	PengendalianInternalX1	,360	,189	,315	1,909	,065

a. Dependent Variable: KinerjaY

Table 3: Results of X2 against Y

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,386ª	,149	,123	2,635

a. Predictors: (Constant), KomitmenOrganisasiX2

Coefficientsª

Model		Unstandardized Coefficients B	Std. Error	Standardized Coefficients Beta	t	Sig.
1	(Constant)	9,574	4,483		2,136	,040
	KomitmenOrganisasiX2	,469	,195	,386	2,401	,022

a. Dependent Variable: KinerjaY

Table 4. Results of X1 and X2 against Y.

Model Summaryᵇ

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	,411ª	,169	,117	2,644	1,679

a. Predictors: (Constant), KomitmenOrganisasiX2, PengendalianInternalX1
b. Dependent Variable: KinerjaY

ANOVAᵇ

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	45,432	2	22,716	3,849	,052ª
	Residual	223,710	32	6,991		
	Total	269,143	34			

a. Predictors: (Constant), KomitmenOrganisasiX2, PengendalianInternalX1
b. Dependent Variable: KinerjaY

Coefficientsª

Model		Unstandardized Coefficients B	Std. Error	Standardized Coefficients Beta	t	Sig.	Correlations Zero-order	Partial	Part
1	(Constant)	8,149	4,782		1,704	,098			
	PengendalianInternalX1	,187	,213	,163	,879	,386	,315	,153	,142
	KomitmenOrganisasiX2	,369	,226	,304	1,634	,112	,386	,278	,263

a. Dependent Variable: KinerjaY

Table 5. Hypothesis Results

No	Hypothesis	r^2	t_{count}	t_{table}	Information
1	Internal Control→SMI Performance	0,099	3,501	1,689	Significant
2	Organizational Commitment →SMI formance	0,149	2,136	1,689	Significant
3	Internal Control and Organizational mmitment→SMI Performance	0,169	F_{count} 3,849	F_{table} 3,28	Significant

Based on table 5. above can be explained the results of testing the hypothesis as follows:

1) Hypothesis one (H1) is accepted, which means that Internal Control significantly influences the Performance of SMI, at 9.9% and the remaining 90.1% Performance of SMI is influenced by other factors

2) The second Hypothesis (H2) is accepted, which means that the Organizational Commitment significantly influences the performance of the SMI, by 14.9% and the remaining 85.1% The performance of the SMI is influenced by other factors.

3) Third Hypothesis (H3) is accepted which means that Internal Control and Organizational Commitment significantly influence the performance of SMI, by 16.9% and the remaining 83.1% The performance of SMI is influenced by other factors.

The researcher realizes that in this study there are still shortcomings due to the limitations of researchers, as this study uses limited research subjects, namely the Banjarmasin Sasirangan SMI as many as 35 units. Another limitation is the variables studied are only three variables, namely Internal Control, Organizational Commitment and Company Performance.Therefore, caution is needed in generalizing the results of this study under different conditions and subjects.

This research concerning the influence of Internal Control, Organizational commitment to Company Performance is still possible to be further developed in future research. The things that might be developed are further research can add variables that affect performance such as leadership style, compensation, motivation variables which empirically proved to have a significant influence on the company's performance and add the number of respondents and indicators.

The results of this study can at least be an input for the Banjarmasin city Sasirangan SMI in order to improve the performance of companies in Banjarmasin.

4 CONCLUSIONS

Partially the influence of Internal Control on Banjarmasin City SMI Performance based on the calculation of correlation (r) of 0.315, it can be stated that the relationship between Internal Control and SMI Performance is positive. From the calculation of statistical t test the value of t count is 3.501 and when compared with t table of 1.689 it can be stated that t count> t table then H1 is accepted and H0 is rejected, this means there is a significant influence, so that Internal Control is stated to have a significant effect on the performance of Sasirangan SMI. Partial internal control has a significant effect on the acceptable performance of SMIs and Banjarmasin city SMI Sasirangan must maintain indicators in forming Internal Control especially in monitoring the production process at all times and the company owner must carry out these activities, so as to encourage the Performance of Sasirangan SMI. These results support Mulyadi's (2013: 164) theory that checking accuracy and monitoring can drive efficiency and encourage compliance with management policies.

Partially the influence of Organizational Commitment to Banjarmasin city SMI performance based on the calculation of correlation (r) of 0.386, it can be stated that the relationship between Organizational Commitment and SMI Performance is positive. From the calculation of statistical t test the value of t count is 2.136 and when compared with t table of 1.689 it can be stated that t count> t table then H1 is accepted and H0 is rejected, this means there is a significant influence, so stated Organizational Commitment has a significant effect on the performance of Sasirangan SMI. SMI Banjarmasin Banjarmasin city must maintain the indicator Organizational Commitment in forming pride in having a company that emphasizes culture and the company owner must carry out these activities, so as to encourage the Performance of Sasirangan SMI. These results support the theory of Luthans (2006) that Organizational Commitment is a strong desire to accept organizational values and goals.

Simultaneously Internal Control and Organizational Commitment to the performance of the Banjarmasin Sasirangan SMI based on the calculation of correlation coefficient (r) of 0.411, it can be stated that the relationship of Internal Control and Organizational Commitment to the Performance of SMI is quite positive. From the statistical calculation, Analysis of Variance Test (ANOVA) is known that Fcount = 3.849 compared with F0.05, 35 = 3.28 then Fcount> F0.05; 35, then H3 is accepted and H0 is rejected, this means that there is a significant influence, so it can stated that Internal Control and Organizational Commitment simultaneously have a significant effect on the Performance of SMI. The results of this study support the results of previous studies such as Nanda (2014), Airin Novi Aryati (2016), and Ananta Budi Lasso (2016) that Internal Control and

Organizational Commitment simultaneously have a significant effect on performance.

The researcher tries to provide suggestions as input and consideration for the Banjarmasin city Sasirangan SMI and the development of Management Science especially Human Resource Management and is expected to be useful for the present, as well as the future, as for the suggestions as follows: (1) SMI Sasirangan, Banjarmasin city must improve its Internal Control, in accordance with a clear vision and mission that makes the company become professional in producing products that increase consumer interest; (2) SMI Banjarmasin Banjarmasin city should improve the Commitment of Organization, with emotional involvement, organizational goals and a re-understanding of the values of this Organization will rebuild a better SMI Sasirangan Performance.

For the next researchers who will conduct similar research are expected to take other variable indicators and in the next stage in collecting data besides using by distributing questionnaires or questionnaires, can also directly interact with company owners through direct interviews in order to sharpen the analysis results and discussion.

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