

INTERNAL CONTROL ROLE IN RELATIONSHIP BETWEEN EMPLOYEE AND PUBLIC SECTOR ORGANIZATIONS

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Abstract: This study aims to obtain empirical evidence of the impact of employee's Public Service Motivation (PSM) and Organizational Commitment on the Organizational Performance through Internal Control System (ICS) as an intervening variable. The study was conducted on all State Civil Employees at the State Treasury Services Office in Bali Province through a survey on 98 respondents and was analyzed with SEM-PLS. The results show that Organizational Performance improvement in order to achieve performance contract's designated targets done by increasing employee's motivation and commitment. PSM and Organizational Commitment play an important role in goals achievement, and without both variables, the performance management will not lead to higher public services quality. Public sector organizations can make ICS as a tool to controls over employee's motivation and commitment. The integrated ICS within the organizational unit structure is not only able to controls the overall business process but also on the employee's daily work life.

Keywords: public service motivation, organizational commitment, organizational performance, internal control system, public sector organizations, performance management



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Implementation of performance management through measuring and evaluating performance is currently a concern for governments in various countries that carry out management reforms in public sector organizations (Moynihan, 2008). Changes in public sector organizations were carried out to meet the expectations of the community for the loss of bureaupathology. Performance management that is

used as a tool in carrying out reforms in public sector organizations is a tool adopted from private sector organizations. Taking the success of managing private organizations in improving performance, effectiveness, and efficiency in each of their activities (Moynihan, 2008) to be applied to public organizations. The process of management transfer between sectors is possible because "management is management" said by Murray (1975), where functions, processes and their effects are not sector-bound (Boyne and Walker, 2010). The difference between public and private organizations that lies in ownership, funding sources and forms of supervision does not preclude adoption (Perry and Rainey, 1988). Even though the differences in the internal

characteristics of the organization between the private sector and the public can provide different benefits and even cause undesirable effects (Hvidman and Andersen, 2013). Various studies show weaknesses in the adoption of public Organizational Performance management (Belle, 2012, Ingraham, 1993, and Perry, 1986). Even the synthesis made by Perry, et al. (2009), show that 57 public sector organizations conducted from 1977 to 2008 stated that the adoption process failed to meet expectations.

The fundamental difference of the organization which is the main reason for the relative results of the implementation of management of Organizational Performance in the public sector is then overcome by setting clear (measurable) organizational goals, providing additional incentives, and autonomy for management as the main recipe for management reform (Boyne and Chen, 2007). The use of supporting characteristics is expected to prevent the emergence of undesirable results in the application of public management of Organizational Performance (Hvidman and Andersen, 2013). The reality that occurs is the application of measurable performance, and a system of reward for performance does not encourage an increase in the performance of government officials in public organizations (Lindenberg and Foss, 2011). Public sector organizations reforms only get little results on improving services provided or results not as expected (Brunsson and Sahlin-Andersson, 2000).

In private organizations a performance has high economic value or financially measurable outcomes, different compared to public organizations so that employees are highly motivated by reward (Crewson, 1997). The magnitude of incentives for private organizations is also far greater than public organizations (Weibel et al., 2010). Another case with employees of public organizations that do not have economic results for employees but on the usefulness of the public so that performance is more influenced by intrinsic factors (Georgellis, et al., 2011, Crewson, 1997, and Perry, 1997). Perry, et al. (2009), also explained that incentives failed to significantly increase employee motivation, commitment, and performance. The same results are also shown by Belle's (2015), study which states that the exist-

ence of "more pay for more performance" still does not guarantee the effectiveness of performance because employees only focus on the performance calculated in the provision of incentives.

Individual intrinsic and extrinsic factors will improve employee performance regardless of the presence or magnitude of incentives (Moynihan and Pandey, 2007) and provide quality values on service performance. Most public organization employees are not influenced or motivated by financial rewards, but rather because interest in activities is altruistic and social, and has an impact on society (Crewson, 1997). Naff and Crum (1999), show that high PSM makes employees tend to have higher performance and satisfaction regardless of how performance is measured. The commitment to make employees have a great sense of ownership of the organization and willing to spend more for the purpose of the organization and are willing to prioritize organizational interests rather than individual interests (Balfour and Wechsler, 1996). Crewson (1997), explains that employees with high commitment have more potential to continue positive participation despite dissatisfaction with rewards. Commitment as a civil servant has a strong relationship to performance especially if the organization creates a very supportive work environment (Kusworo, 2015).

However, the level of motivation and commitment of employees cannot be maintained by itself. A system is needed that can maintain intrinsic and extrinsic factors that play an important role in public organizations, systems that pay attention to satisfaction-based motivation and responsibility-based commitment as public employees (Lindenberg and Foss, 2001). A system that not only controls performance but also becomes social control in maintaining employee behavior in order to be able to face challenges in public service in accordance with the conditions for achieving desired goals in performance management (Larkin, et al., 2012). The absence of adequate control tools to monitor the implementation of performance management in public sector organizations makes performance difficult to achieve according to the desires and objectives of reforming public organization management (Frey, et al., 2013).

If examined further, research on PSM that affects performance has been carried out, such as Perry and Wise (1990), Naff and Crum (1999), and Xiaohua (2008), with positive and significant results, while Camilleri and Van der Heijden (2007), shows the same results but suggests a role for them so that the influence is greater. Research on Organizational Influence Employee commitment to Organizational Performance has also been frequently carried out such as Mowday et al., (1985), Allen and Meyer (1990), and Balfour and Wechsler (1996), with positive and significant results, while Bharata (2014), shows results the opposite is negative and not significant, while Camilleri and Van der Heijden (2007), propose intermediate variables that can strengthen and maintain commitment. On this basis, this study makes ICS a mediating variable in the relationship between PSM and Organizational Commitment of employees with Organizational Performance. Pairing motivation and commitment, as well as incorporating the role of ICS mediation on its influence on Organizational Performance has never been empirically proven before.

Therefore this study aims to provide empirical evidence of the role of ICS in the relationship between employees and organizations. ICS as mediation in the influence of PSM and Organizational Commitment on the performance of public organizations. The theoretical benefit of this research is to enrich the literature regarding Organizational Performance in the public sector while the practical benefit is to provide an understanding of the existence of ICS in government agencies that are integrated in the organizational unit structure and carry out routine control (day to day basis) on business processes and work day-to-day employees. ICS becomes performance control and social control to maintain employee PSM and Organizational Commitments to remain high and not threaten the achievement of performance targets contained in performance contracts.

LITERATURE REVIEW

Public service motivation (PSM)

The PSM theory develops from the underlying assumption that there is a form of motivation that is

defined more as altruistic than the motive of selfishness and prevalent in the public sector rather than the private sector (Perry, 2000). Perry and Wise (1990), wrote that motivation in public service must be understood as a psychological deficiency or need. Individuals contribute to the public interest to fulfill their personal needs (Wise, 2004). Intrinsic factors capture the idea that employees are intrinsically motivated if they care about their work (Tracy and Robins, 2004). Perry and Wise (1990), further explained that PSM is a person's sensitivity to motives that are oriented primarily to public institutions. PSM has a slightly different definition in each researcher (Bright, 2008 and Taylor, 2008) but all based it on the definitions of Perry and Wise (1990). Perry (1996) as a pioneer in PSM research developed a list containing indicators in four-dimensional size consisting of 1) interest in public policy making, 2) responsibility for public interests and obligations as citizens, 3) feelings of sympathy or pity, and 4) self sacrifice.

Employee Organizational Commitment

Organizational Commitment is the level of employee confidence and acceptance of organizational goals and desires to live with the organization (Mathis and Jackson, 2006). Organizational Commitment according to Mobley, et al. (1979), is the level of identification and level of individual attachment to a particular organization which is reflected in the characteristics of the belief to try the best for the organization and the existence of definite intentions to maintain participation in the organization. Steers, et al. (1985), explained that Organizational Commitment is a sense of trust in the values of an organization, involvement in the interests of the organization and loyalty as members of the organization that an employee expresses towards his organization. Based on the diverse conceptions of Organizational Commitment, a construct of dimensions of commitment can be produced. This construct comes from the opinion of Allen and Meyer (1990) who classify organizational commitment in three dimensions, namely affective commitment, continuity commitment, and normative commitment.

Organizational Performance

Definition of performance is the result of work in quality and quantity that is achieved by someone in carrying out their duties in accordance with the responsibilities given to him (Mangkunegara, 2000). Performance is also defined as the achievement of the work of a person or group in an organization in accordance with their respective duties with the aim of achieving the goals legally set by the organization, not violating the law and in accordance with morals and ethics (Prawirosentono, 1999). The performance of an employee is determined by his ability and motivation to carry out a job (Gibson, et al., 1997). Achievement of organizational goals is influenced by a group of people who play an active role as the culprit. This active role shows that there is a relationship between individual performance and Organizational Performance (Prawirosentono, 1999). Public Organizational Performance must always be measured, and this measurement is carried out by applying performance indicators. This performance indicator describes the level of achievement of a predetermined goal or target (LAN and BPKP, 2000). Performance measurement needs to consider the dimensions of quantity, quality and timeliness (Kusworo, 2015 and LAN and BPKP, 2000) using indicators that can measure the success of each job from the perspective of employees as a determining factor in the achievement of Organizational Performance.

Internal Control System (ICS)

COSO (2013), defines ICS as a process that is influenced by the supervisory board, management, and other members designed to produce appropriate and appropriate certainty regarding the achievement of organizational goals in categories effectiveness and efficiency of operations, reliability in organizational reports (reporting), and compliance with applicable laws and regulations (compliances). The existence of internal control makes various plans, methods, and procedures used in the organization have certainty that it is well run by preventing and overcoming the risks that arise, without the presence of internal control of risk can hinder the achievement of performance targets. Effective ICS

will support the management of government agencies in anticipating changes in the internal and external environment that will change the pattern and priority of community needs (Murwanto, 2012). When the programs implemented change and when government agencies try to perfect the process of their activities and use new technologies, management of the agency must continuously assess and evaluate ICS to ensure that the control activities it uses run effectively and are always updated (Murwanto, 2012). ICS can be described through indicators in the Internal Control Questionnaires (ICQ) that represent elements of internal control.

CONCEPTUAL FRAMEWORK

Employees who choose to work within public sector organizations are driven by PSM (Vandenabeele, 2008). Naff and Crum (1999), found that PSM plays an important role in the performance of employees in government. This role as a result of increasing employee satisfaction and desire to remain in the organization to serve and contribute to the creation of good governance. Belle (2012), states that employees who come in direct contact with the community when serving will have a sense of empathy that can change themselves so that they care more about the public Organizational Performance in service delivery. Ritz (2009), explained that motivation towards public interests would make employees more oriented to Organizational Performance in serving. Some of the above studies have examined the effect of PSM factors on Organizational Performance, especially in public Organizational Performance which is essentially formed to serve the public. The results of these studies indicate the influence of PSM on Organizational Performance.

Organizational Commitment in public organizations will shape the sense of attachment of employees to the organization and the goals that must be achieved by public organizations (Mowday et al., 1985). The existence of a large salary factor, wide opportunities for promotion, high job security, comfortable working conditions, and good coworkers, as well as complete facilities and infrastructure, are factors that support increased commitment. Balfour

and Wechsler (1996), state that tenure and position have a direct influence on commitment. Aranya, et al. (1981), explained that increased income would affect Organizational Commitment. Camilleri and Van der Heijden (2007), who examined the influence of Organizational Commitment employees on performance managed to answer the hypothesis with positive and significant results. A high commitment will make employees participate in the organization and feel that the goals of the organization are also personal goals so they must be achieved with all efforts. While Bharata (2014), found the Organizational Commitment did not affect the performance of Extraordinary Schools (SLB). This condition is explained by Bharata (2014), as a result of the lack of government support for employees in the form of salaries, facilities, and career paths. Employees continue to work by a sense of responsibility, and a sense of empathy for SLB students, not because of the interests of the organization. Based on the above research, it can be indicated that employees who are committed to providing an effort to achieve organizational goals, but without the Organizational Commitment, employees also still have good performance to achieve personal goals.

Fatmawati (2013), states that the five elements of ICS influence Organizational Performance, although each element has a different amount of influence. The existence of ICS makes various plans, methods, and procedures used in organizations having certainty that they are well run, without any controls that can hinder the achievement of performance targets. Muskanan (2014), which examines the effectiveness of ICS in Local Governments concludes that to achieve effective and efficient public Organizational Performance in its activities (performance targets), top management or organization leaders must strictly implement ICS. Further explained, this control will prevent conflicts of interest in the organization and focus the attention of employees on achieving organizational goals (Muskanan, 2014). Effective ICS will support the management of government agencies in anticipating changes in the internal and external environment that will change the pattern and priority of community needs (Murwanto, 2012). The results of these

studies indicate the influence of ICS on Organizational Performance.

The existence of ICS in the government is intended to provide confidence that the objectives of the agency will be achieved, create good governance (Baltaci and Yilmaz, 2006) or in accordance with the performance targets set out in the performance contract. Determination of performance targets gives effect to the actions of all employees who try to achieve them. Internal control will give more confidence that Organizational Performance targets will be achieved if every element of internal control is carried out effectively (Fatmawati, 2013). If organizational employees have a high PSM in providing quality and professional services to the community, this means that employees have the motivation to realize effective ICS. Effective ICS will guarantee the achievement of Organizational Performance targets.

The strength of commitment for an organization is not enough to guarantee the implementation of good governance but, must be supported by a control that gives confidence that every activity both operational and non-operational along with the apparatus that runs the operation has fulfilled its rights and obligations properly (Muskanan, 2014). If employees can guarantee that internal control in their organization is running well, the target of Organizational Performance contained in the performance contract will be achieved. Research by Manurung, et al. (2015), regarding the influence of Organizational Commitment to fraud committed by employees found that high commitment would increase the effectiveness of internal control and prevent fraud. Prasetyono and Kompyurini (2007), state that there is a relationship between Organizational Commitment, internal control and the application of good corporate governance to Organizational Performance. Taufik and Kemala (2013), also stated the same thing that with the Organizational Commitment and internal control an economic, efficient and effective organization would be created to create governance within institutions which would eventually lead to Organizational Performance. Employee commitment to the organization will increase the effectiveness of ICS and their performance which

leads to achieving organizational goals and objectives well

Based on various previous studies, this study formulated the following hypotheses:

- H1 = PSM affects Organizational Performance
- H2 = Organizational Employee commitment affects Organizational Performance

- H3 = SPI affects Organizational Performance
- H4 = PSM indirectly influences Organizational Performance mediated by SPI
- H5 = Organizational Employee commitment indirectly influences Organizational Performance mediated by SPI

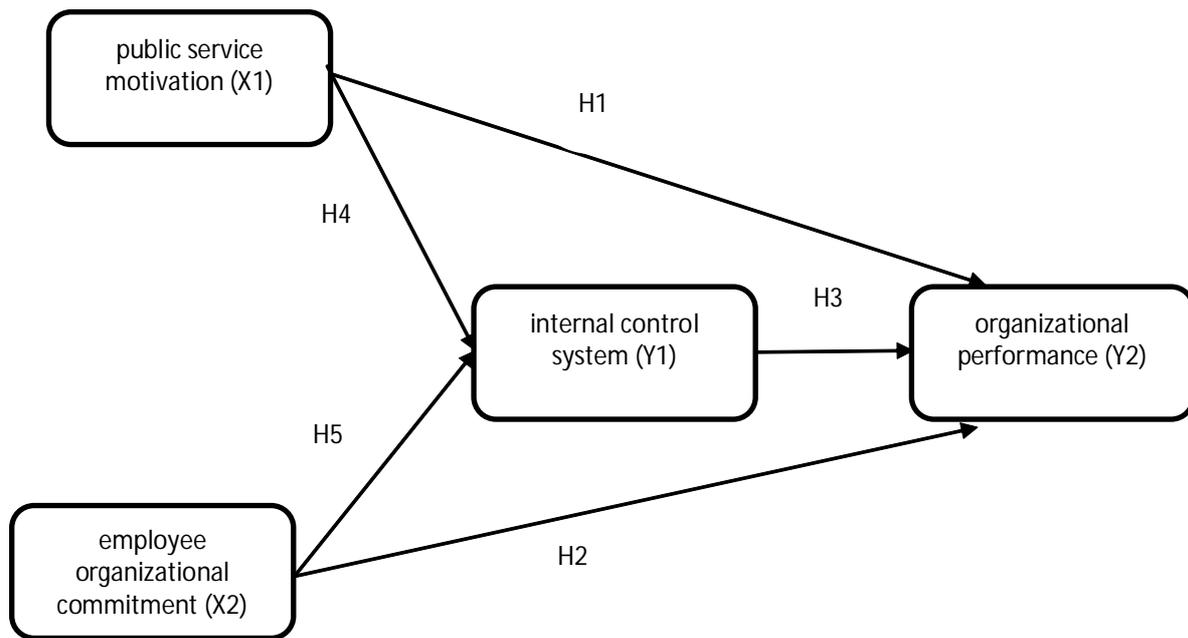


Figure 1 Conceptual Framework

METHOD

This research is quantitative research using survey design that takes samples directly using a questionnaire. The population of this study is the entire State Civil Apparatus working at the State Treasury Service Office (KPPN) in the Province of Bali as a vertical organizational unit of the Ministry of Finance, totaling 98 people including employees of KPPN Denpasar, KPPN Singaraja, and KPPN Amlapura. The construct measurement instrument is done by using a Likert Scale to obtain interval data. Inferential data analysis in this study is the Structure Equation Model (SEM) based vari-

ance approach with Partial Least Square (PLS) using WarpPLS 5.0 software.

RESULTS

Characteristics

The characteristics of respondents in this study indicate that respondents in this study were male as many as 69 people or by 70.41% and female employees as many as 29 people or 29.59%. Respondents aged over 50 years were 50 people or 51.02%, then respondents aged 31-40 years were 19 people or 19.39% and respondents aged 40-50 years were 17 people or 17.35%, and finally, respondents who

were aged 21 -30 years with 12 people or 12.24%. The level of education shows that S1 graduates are 51 people or 52%, then there are 27 high school / D1 graduates or 27.55% D3 graduates as many as 14 people or 14.29%, and the last S2 graduates are 6 people or 6.12%. The working period of the respondents indicates that the tenure of employees over 10 years is 82 people or 82%, then is under 3 years as many as 9 people or 9.18%, working period of 5-10 years is 6 people or 6.12%, and the last period 2-5 years work in 1 person or 1.01%.

Model Evaluation

Testing for convergent validity shows that construct indicator X1 is 7 items, construct X2 is 9 items, construct Y1 is 15 items and construct Y2 as much as 7 items have loading factor > 0.6 and significant at p-values <0.05 so that the indicators are passed a test of convergent validity. Correlation of each of the same constructs in the model can be seen from the value of "AVE" > 0.7 and higher compared to the correlation between other constructs. Reliability testing shows that each construct in this study has a Composite Reliability value > 0.6, as well as Cronbach's Alpha, has a value of > 0.6 (Ghozali and Latan, 2015). The value of Full Collinearity VIFs for each construct in this study has a value of <3.3 indicating that this model is free from lateral and vertical collinearity problems. The results of this test mean that all of these constructs have good validity and reliability.

The inner model evaluation shows that the R-squared value in the construct of Organizational Performance (Y2) is 0.660 and falls into the moderate category (Hair, et al., 2011). This condition means that the PSM construct (X1), Organizational Commitment Employee (X2), and ICS (Y1) are able to explain or contribute to the construct of Organizational Performance (Y2) of 66% while the remaining 34% is explained by or is a contribution from another construct which was not in this study. The Q-squared value of the Y2 construct is 0.667, and

the Y1 construct is 0.606. This value explains that the results of model estimation have good predictive validity because of the value of Stone-Geisser Coefficient $[(Q)^2] > 0$.

Mediation Effect Testing

The construct testing with mediating effects uses a procedure developed by Baron and Kenny (1986) (Ghozali and Latan, 2014) through three steps. The first step shows that the PSM construct (X1) affects the Organizational Performance (Y2) construct with a path coefficient of 0.240 and p-values of 0.006. The Organizational Commitment Employee Construct (X2) affects the Organizational Performance (Y2) construct with a path coefficient of 0.597 and p-values of <0.001. The second step shows that the PSM construct (X1) affects the ICS construct (Y1) with a path coefficient of 0.518 and p-values of <0.001. The Organizational Commitment Employee Construct (X2) influences the ICS to construct (Y1) with a path coefficient of 0.315 and p-values of <0.001. The third step shows that the ICS construct (Y1) affects the Organizational Performance (Y2) construct with a path coefficient of 0.214 and p-values of 0.003.

The test results on research models with mediation effects can be concluded that the ICS construct (Y1) performs the full mediation role according to Sholihin and Ratmono (2013), on the effect of PSM (X1) on Organizational Performance (Y2) by looking at the path coefficient values $X1 \rightarrow Y2$ after mediation of 0.120, it is smaller than the path coefficient value $X1 \rightarrow Y2$ before mediation of 0.240, and becomes insignificant. The ICS construct (Y1) performs a mediating role partially on the influence of Employee Organizational Commitment (X2) on Organizational Performance (Y2) with path coefficient $X2 \rightarrow Y2$ after mediation of 0.512, smaller than the path coefficient $X2 \rightarrow Y2$ before mediation at 0.597, and remain significant. The results are shown in Table 1 below:

Table 1 PLS results

Panel A		Direct Influence	
Variable	Path to		
	Organizational Performance		
public service motivation	0.240 *		
Organizational Commitment	0.597 *		
Panel B		Mediation Influence	
Variable	Path to		
	SPI	Organizational Performance	
public service motivation	0.518 *	0.120	
Organizational Commitment	0.315 *	0.512 *	

* P-values <0.05

Source: Data processed (2017)

Hypothesis testing

Testing of hypotheses is done by evaluating the path coefficient and p-values. The path coefficient value shows the direction of the relationship between the two constructs while the p-values indicate the

level of significance of the relationship between the two constructs. Decision criteria reject or accept the hypothesis in the WarpPLS output by looking at the value of p-values <0.05 (Ghozali and Latan, 2015).

Table 2 Hypothesis Testing Results

H	Relationship	Coefficient	P-values	Information	Results*
H1	X1→Y2	0.240	0.006	Sig.	Accepted
H2	X2→Y2	0.597	<0.001	Sig.	Accepted
H3	Y1→Y2	0.264	0.003	Sig.	Accepted
H4	X1→Y1→Y2	Y1 full mediated in X1→Y2	Accepted		
H5	X2→Y1→Y2	Y1 full mediated in X2→Y2	Accepted		

* Significant if the P-values <0.05

Source: Data processed (2017).

Based on Table 2, the results of testing the hypothesis can be described as follows:

1. PSM has a positive effect on Organizational Performance with a path coefficient of 0.240 and significant with p-values of 0.006. So H1 is accepted;
2. Employee Organizational Commitment has an effect on Organizational Performance with a path coefficient of 0.597 and significant with p-values of <0.001. So H2 is accepted;

3. SPI has an effect on Organizational Performance with a path coefficient of 0.264 and significant with p-values of <0.001. So H3 is accepted;
4. PSM has an indirect effect on Organizational Performance mediated by SPI. So H4 is accepted;
5. Employee Organizational Commitment has an indirect effect on Organizational Performance mediated by SPI. So H5 is accepted.

DISCUSSION

Service motivation possessed by employees plays an important role and influences on Organizational Performance. The results of this study are consistent with Naff and Crum (1999) and Liu, et al. (2008), who found that PSM plays an important role in the performance of employees in government. This role as a result of increasing employee satisfaction and desire to remain in the organization to contribute to the creation of good services (Vandenabeele, 2008). Belle (2012), also found that employees who come in direct contact with the community when serving will have a sense of empathy that can change themselves so that they care more about the public Organizational Performance in service delivery. Furthermore, Ritz (2009) found that motivation towards public interests would make employees more oriented to Organizational Performance in serving. The results of this study support the concept of Community Participation in 4 (four) dimensions developed by Perry (1996). The concept of Community Participation in this study emphasizes the dimensions of responsibility towards the public interest and obligations as citizens, and the dimensions of feelings of sympathy or pity, compared to the dimensions of interest in public policy making, and the dimensions of self-sacrifice. This research also proves the existence of intrinsic factors (sensitivity, awareness, and responsibility) (Perry and Wise, 1990) to encourage employees to perform. Respondents have a sensitivity to the environment and are aware of their position as employees of public organizations so that they provide services sincerely and unwittingly target Organizational Performance concerning easy service to achieve. Respondents objected to the dimensions of self-sacrifice because respondents also had personal interests and life outside the organization.

Organizational Commitments held by employees play an important role and influence on Organizational Performance. These results are not consistent with Bharata (2014), who found the opposite results that the Organizational Commitment did not affect performance. This condition is explained by Bharata (2014), as a result of the lack of leadership support for employees both in the form of sala-

ries, facilities, and career paths. Employees continue to work by a sense of responsibility, and a sense of empathy, not because of the interests of the organization (Bharata, 2014). This research is consistent with Aranya, et al. (1981), Balfour and Wechsler (1996), and Solinger, et al. (2008), which state that Organizational Commitments held by employees make an emotional attachment, identify, and involve themselves in each Organizational Performance. Camilleri and Van der Heijden (2007), who examined the influence of Organizational Commitment employees on performance also got the same results, namely positive and significant. A high commitment will make employees participate in the organization and feel that the goals of the organization are also personal goals that must be achieved with all efforts (Camilleri and Van der Heijden, 2007). The results of this study support the three-dimensional concept of Organizational Commitment Allen and Meyer (1990), namely affective commitment, continuity commitment, and normative commitment. Research proves the existence of extrinsic factors (salary, incentives, work environment) that make respondents bound to the organization. The feeling of attachment causes respondents to like the organization, feel at home as employees to fulfill their needs, and are hard to work in other places. This attachment to the organization will make the respondents try hard to reach the target of Organizational Performance.

SPI in the organization plays an important role and influences on Organizational Performance. This result is consistent with Smith and Jones (2000) and Fatmawati (2013), which states that the existence of internal control makes various plans, methods, and procedures used in the organization have certainty to run well, without internal control can hinder the achievement of performance targets. Candreva (2006) and Muskanan (2014), also concluded the same thing that in order to achieve effective and efficient public Organizational Performance in its activities (performance targets), top management or organizational leaders must carry out strict ICS. Murwanto (2012), also states that effective internal control will support the management of government agencies. The results of this study support the ICS

concept using the five internal control dimensions outlined by COSO (2013), as elements in control. These elements are mutually bound together as a unitary process that gives confidence in achieving performance targets. Respondents are aware of and familiar with the existence of this control system in the organization and hope that this system can become a control and overcome various existing problems that originate from employees, leaders, and problems in the organization's business processes.

SPI fully mediates in the influence of PSM on Organizational Performance indicating that ICS is the only and decisive factor in the relationship between PSM and Organizational Performance. The existence of ICS provides confidence that the objectives of the agency will be achieved (Baltaci and Yilmaz, 2006) or in accordance with the performance targets set out in the Organizational Performance contract. Internal control can provide more confidence by running every element in internal control effectively (Karagiorgos, et al., 2010 and Fatmawati, 2013). As a variable that is influenced by intrinsic factors (Perry and Wise, 1990), motivation can be controlled by ICS by maintaining psychological conditions (Carmichael, 1970), in the form of sensitivity, awareness and a sense of employee responsibility. The existence of PSM makes it easier for organizations to achieve optimal organizational performance, especially public service performance (Camilleri and Van der Heijden, 2007, Vandenabeele, 2008, and Ritz, 2009). Without ICS, it will hinder the achievement of performance targets and high levels of service motivation (Fatmawati, 2013). Respondents viewed the elements of ICS as being carried out entirely so that the target of Organizational Performance was achieved annually. The existence of a control system is also very important and able to increase motivation by giving non-financial rewards, listening to employee complaints, and building teamwork.

SPI mediates partially in the influence of Organizational Employee commitment to Organizational Performance shows that ICS is not the only mediator in the relationship of Organizational Commitment to the achievement of Organizational Performance, other mediating factors influence. The

research of Smith and Jones (2000) states that the existence of internal control makes various activities or business processes of the organization have certainty to run well. Candreva (2006), also concluded that in order to achieve public Organizational Performance (performance targets), organizational management must run strict ICS. Manurung, et al. (2015), showed that high employee commitment must be accompanied by the high effectiveness of ICS also to achieve the expected Organizational Performance. Commitments that are much influenced by extrinsic factors can provide success for Organizational Performance with employees who have emotional attachments (Camilleri and Van der Heijden, 2007) in the organization. Muskanan (2014), concludes that the strength of commitment supported by the control system provides the assurance of the implementation of every organizational activity and the fulfillment of the rights and obligations of employees properly. Respondents felt that the commitment of employees in the organization was at a high level so that the target of Organizational Performance contained in the performance contract was always achieved. Respondents also felt that commitment was also dependent on central government policies on employee welfare so that organizational leaders at the top level must pay attention to performance achievements. Respondents viewed ICS in the organization as running well and were able to increase commitment by managing risk, ensuring that the code of ethics was obeyed by all employees without exception, evaluating employee performance and ensuring employees get their rights.

IMPLICATIONS

The results of this study can provide theoretical implications through the findings that the PSM and Organizational Commitments that exist in employees, as well as integrated ICS, can improve the Organizational Performance of the public sector. Organizational Performance achievement targets play an important role in PSM, Organizational Commitment, and SPI. The performance target stated in the performance contract is the target of all employees. Motivation to serve the community, commitment to perform in the organization, and ICS that

gives confidence in achieving targets, all arise because of the goals to be achieved. Reciprocity from the appropriate targets is an additional driving force for employees such as satisfaction and happiness in serving, salaries, and incentives in work, non-financial rewards for obedience, high value for compliance, incentives, career paths, education, and training, leave and guarantees social. Another finding is that the existence of ICS can encourage employee motivation and commitment to remain high by being in control of intrinsic factors and extrinsic factors while ensuring that all elements in government organizations perform their duties in meeting performance targets in accordance with applicable regulations. Effective ICS coupled with the role of social control such as enforcing a code of ethics evenly and receiving employee feedback as an ingredient to improve the organization plays a direct role in creating a conducive environment, for the achievement of performance and continuity of public organizations.

Another implication of this research is that the mechanism of performance management must accommodate feedback from the results of ICS that have previously carried out risk management so that it does not only focus on identifying measurable performance. The risks that can hinder the achievement of performance targets are not all resolved by the ICS organization. Therefore Organizational Performance management policies must be adaptive to the expectations, desires, and demands of employees. The failure of performance management in performance risk mitigation, for example by not receiving SPI feedback, can threaten performance achievements with a decrease in motivation and commitment. When this happens, various additional rewards become ineffective, and the control system is no longer able to function, de-motivation and de-commitment of employees will occur to the lowest point to make it difficult to be reappointed threatening achievement of Organizational Performance. ICS in organizations must have greater authority/policy on the day-to-day life of employees, not only supervision of organizational procedures, but also to carry out risk management more effectively and thoroughly in all aspects of the organization. Top-

level organizations as the highest policy makers must pay attention to other mediating factors (for example, employee welfare policies) as a follow-up to ICS feedback in the relationship of commitment to Organizational Performance.

CONCLUSION, LIMITATIONS, AND ADVICE

Conclusion

This study examines the influence of PSM and Organizational Commitment of employees on public Organizational Performance through SPI mediation. Empirical evidence in this study shows that PSM and Organizational employee commitment have a positive and significant influence on Organizational Performance. Furthermore, empirical evidence shows that ICS has a positive and significant influence on Organizational Performance. ICS also plays a role as a mediator in the influence of PSM and Organizational Commitment of employees on organizational performance. Based on the results of the study it can be concluded that the increase in performance to achieve the target can be done by increasing the PSM and Organizational Commitments that exist within employees. A high PSM provides awareness, sensitivity and a sense of responsibility as a member of a public organization to employees to encourage service performance. Organizational Commitment will provide a sense of attachment to the organization so that employees will work hard in realizing the goals of public organizations. Community Participation and Organizational Commitments play a joint role in achieving organizational performance targets and without both implementation of performance management will not lead to improving the quality of service for public organizations.

Another conclusion is that the level of community participation and high commitment cannot always be expected to be owned by employees. Therefore a tool that can control both is needed so that it is always at a sufficient level to achieve the set Organizational Performance targets. Organizations can make ICS a tool for controlling motivation and commitment. ICS that is integrated into organizational units does not only control the entire busi-

ness process in achieving performance targets but also in the daily work of employees. ICS has the role of creating a conducive environment for increasing PSM by giving employees the convenience of serving. Control also plays a role in managing risk, ensuring that the code of ethics is adhered to by all employees without exception, evaluating employee performance, and ensuring that employees get their rights to create high employee commitment to the organization.

Limitations and Suggestions

Limitations in the study are partly due to the condition that not all public sector organizations have integrated ICS within the organizational structure and only carry out controls periodically. While this research was carried out on organizational units that have integrated ICS and carried out controls on day-to-day work activities. This research was conducted on organizations within the Ministry of Finance as a benchmark in managing performance for both local governments and other ministries so that they still need a wider range of respondents so that they can be generalized to public sector organizations. This study also still does not explain the technical control of employee psychology which is integrated into each element of control.

Based on the results of testing, analysis, and discussion in this study, suggestions can be given for further research. Subsequent research is expected to be carried out on organizations with ICS that are not integrated into organizational units and only conduct random and periodic controls to obtain empirical evidence of the role of ICS as a Variable mediation under different organizational conditions. Subsequent research is expected to delve deeper into the elements of control as a mediating factor so that it can provide an overview of procedures for controlling attitudes and behavior of employees that can be integrated into control activities. The next researcher is expected to be able to expand the object of research including organizational units of regional government or other ministries in regions with different cultures so that they can be further explored related to other variables as mediators in the rela-

tionship between employees and public sector organizations.

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