
The Influence of Organizational Culture and Internal Control on the Implementation of Good Corporate Governance through Leadership Support as Mediation (AT PT. Bank Bni Syariah Banda Aceh Branch)

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Abstract

The purpose of this study was to analyze the influence of Organizational Culture and Internal Control on the implementation of Good Corporate Governance (GCG) through Leadership Support as Mediation AT PT. Bank BNI Syariah Banda Aceh Branch (BNI Syariah Banda Aceh). The population was all employees at BNI Syariah Banda Aceh Office. Researchers took a sample of employees as many as 110 respondents. The sampling technique used purposive sampling. The results show that organizational culture does not affect GCG, Internal control affects GCG, Organizational Culture affects Leadership Support, Internal control affects leadership support, Leadership support affects the GCG, organizational culture affects GCG through leadership support, and Internal Control affects GCG through leadership support. These findings show the mediation influence of leadership support functions as a full mediation variable on the organizational culture effect on GCG, and as partial mediation on the internal control effect on GCG. So this finding proves that the GCG strengthening model at BNI Syariah Banda Aceh is a function of improving organizational culture, strengthening internal control, and increasing leadership support.

Keywords: Organizational Culture, Internal Control, Good Corporate Governance, Leadership Support.

1. Introduction

BNI Syariah is the third-largest national sharia banking company in Indonesia which has human resources more than 6,000 employees, which have various cultural backgrounds and characteristics, resulting in the organization's management system not being able to function optimally. One of the causes is that the culture of social organization in the life of each employee is different. This is the author's thought to use organizational culture in assessing the characteristics of organizational culture at PT. Bank BNI Syariah Banda Aceh Branch Office, which has various cultural backgrounds.

(Harris & Ogbonna, 2001) states that the company's performance is strongly influenced by a competitive organizational culture. Then (Martins & Terblanche, 2003) said that communication that occurs between members in the organization can also have a positive effect on organizational culture which in turn will serve to significantly increase efficiency in company activities. In addition, there are internal control factors that also play a very important role in supporting the improvement of Good Corporate Governance (GCG) practices and have

an impact on organizational performance. However, in its implementation, internal control must also be tested for its effectiveness. Internal control that is carried out consistently concerning existing SOPs will affect improving GCG practices (Yasin, 2013).

In addition to the two variables above, the increase in GCG can also be carried out by the implementation of good leadership support. Because no matter how good the support or organizational culture that exists in a company and also the internal control that is carried out, if it is not supported by leadership support from the leadership, efforts to achieve GCG will be difficult to achieve (Ristanti, Sinarwati, & Sujana, 2014).

To describe the condition of organizational culture, internal control of GCG through leadership support as mediation at Bank BNI Syariah Banda Aceh Branch, a pre-survey was conducted by asking questions related to the dimensions of organizational culture, internal control, GCG, and leadership support. (Faisal & Syafruddin, 2020).

Based on the results of the pre-survey, it can be explained that the overall implementation of GCG at the Banda Aceh Branch of BNI Syariah Bank has been realized with an average percentage of 3.96. There are still problems related to transparency in banks because there is still access to information that has not been enjoyed by all employees and also access to provide opinions and involvement in making decisions is also not fully felt by employees. In addition, there are conflicts of interest that occur between employees and between departments which also have an impact on employees' low perceptions of the implementation of GCG in this bank (Wirda, Darwanis, & Jalaluddin, 2012).

The implementation of GCG is now a necessity not only to accommodate existing regulations but also to provide added value, especially for companies that want to compete globally. BNI Syariah continues to be committed to implementing good GCG implementation based on moral principles and standard banking business principles currently in effect. The implementation of GCG at BNI Syariah also refers to banking practices related to five basic principles, namely openness and accountability as well as those related to independence and fairness. The success of implementing GCG cannot be separated from the determinant variables that are included in the model of this research, namely organizational culture, then there is internal control and also support or support from the leadership (Chen, 2004).

There have been many kinds of research related to GCG. However, research on the influence of organizational culture, internal control, the implementation of GCG principles, and leadership support as mediation is still limited. Because the research that is appointed leads more to the supervision of company finances, budgets and performance. In addition, no previous research has been conducted on the influence of organizational culture, internal control on the application of GCG principles, and leadership support as mediation at PT. BNI Syariah Bank. From the description above, the authors were interested in conducting research about the Influence of Organizational Culture and Internal Control on the Implementation of GCG through Leadership Support as Mediation.

2. Literature

Organizational culture

Organizational culture is an important part of making the company operate efficiently because the application of a good organizational culture will create a guide to member behavior which

is expressed in the way members work, how members interact and how members think related to organizational goals. (Samsuar, Azis, & Faisal, 2019). Leaders are very interested in creating good organizational culture, although in many studies it is stated that organizational behavior or organizational culture can change the behavior of leaders for the better because of the positive values that have prevailed in an organization (Sari, 2018).

H1: Organizational culture affects the GCG

H3: Organizational culture Affects Leadership Support

Internal control

Internal control is also an important part of managing a company because, with this internal control, the company's activities can be carried out following regulations or work criteria that have been previously set. Prevent fraudulent behavior or default in other words internal orders are a process that can prevent unwanted things from happening, especially for employees who have bad intentions (Rahmah & Haryoso, 2018). Then research from (Nugraha, 2018) states that there is an influence of internal control over the implementation of GCG and leadership support.

H2: Internal control affects GCG

H4: Internal control affects leadership support.

Leadership Support

Leadership support is a leadership style where the leader's intense way of supporting the work of his subordinates so that existing HR resources can be maximized to move towards one goal in achieving the company's operational effectiveness to achieve that goal a good leader always ensures that all team members have adequate contributions to have work tools adequate and have adequate skills to be able to work together with the team in the same direction in achieving goals (Arifin, 2005), (Pramono, Sondakh, Bernarto, & Juliana, 2021) examines the influence of leadership support on GCG.

H5: Leadership support affects GCG

Good Cooperative Governance (GCG)

Corporate governance or GCG is the art of directing and controlling the organization by maximizing existing resources and balancing the existing needs of various parties or stakeholders. The principle of transparency is an important part because companies are required to operate with the principles of openness so that everyone knows what policies are being implemented and also understands how to contribute opinions and other efforts that lead to increased company effectiveness (Faisal & Syafruddin, 2020).

Research Model

From the previous description, the authors formulate the research model and research hypotheses as follows:

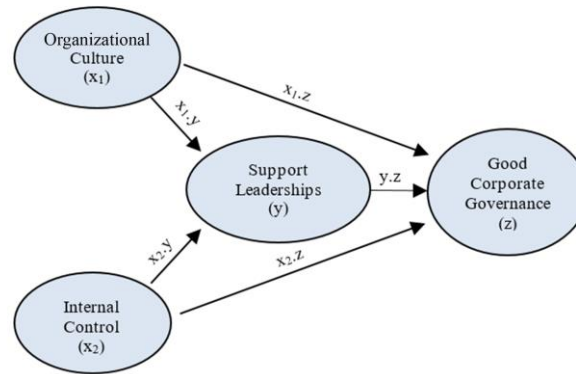


Figure 1. Research Model

H1: Organizational culture affects GCG

H2: Internal control affects GCG

H3: Organizational Culture Affects Leadership Support

H4: Internal Control affects Leadership Support

H5: Leadership support affects GCG

H6: organizational culture affects GCG through leadership support

H7: Internal Control affects GCG through leadership support

3. Method

The population in this study was all employees at BNI Syariah Banda Aceh. To ensure that the sample needs are met and so that the population is more representative, in this study the researchers took a sample of 110 respondents who were BNI Syariah Banda Aceh employees. The sampling technique used was purposive sampling. The measurement of organizational culture variable was carried out using 6 indicators adopted from (Robins & Coulter, 2012); for internal control, the measurement of variables used 7 indicators adopted from research by (Arens & Loebbecke, 2008); leadership support variable was measured using 4 indicators taken from the research of (Robins & Coulter, 2012); Meanwhile, GCG was measured using 6 indicators adopted from research by (Agoes, 2017). In this research.

4. Results and discussion

Respondent Characteristics

A total of 54 people consist of male respondents and as many as 56 people consist of female respondents. From the aspect of respondent age, 24 people are under 30 years old, 60 respondents are 30 to 40 years old, 60 respondents are 30-40 years old and 26 respondents are more than 40 years old. Regarding the respondent's education level, as many as 107 people with undergraduate while respondents with postgraduate there were 3 people from the total respondents studied. Regarding the working period of the respondent, it showed that 24 respondents have been working under 5 years, then 63 respondents have been working 5 -15 years, and 23 respondents have been working more than 15 years.

Validity

Confirmatory Factor analysis (CFA) or factor analysis is part of the stages of data processing using structural equation modeling techniques. The aim was to validate the indicators that are part of each variable used in this study. An indicator is said to be valid if it has a loading factor value above the required one, which is greater than 0.50. So the indicators with loading factor < 0.5 were eliminated from the research model. The result of the CFA test can be seen below.

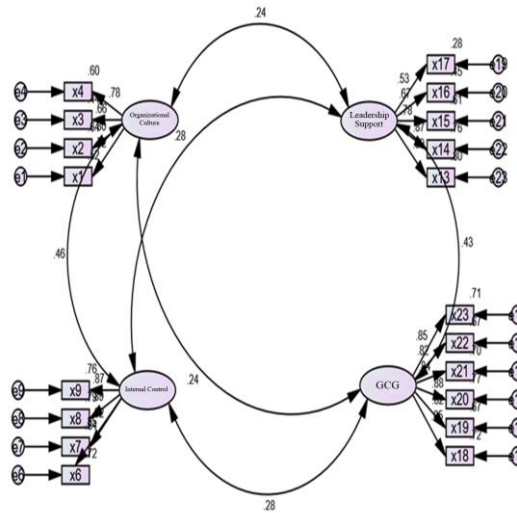


Figure 2. Measurement Model

The following table shows the CFA validation with loading factor numbers.

Table 1. Loading Factor for measurement

			Estimate
x1	<---	OrgCul	.720
x2	<---	OrgCul	.802
x3	<---	OrgCul	.665
x4	<---	OrgCul	.777
x6	<---	Int.Control	.851
x7	<---	Int.Control	.915
x8	<---	Int.Control	.886
x9	<---	Int.Control	.874
x23	<---	GCGovt	.845
x22	<---	GCGovt	.816
x21	<---	GCGovt	.835
x20	<---	GCGovt	.876
x19	<---	GCGovt	.818
x18	<---	GCGovt	.846
x17	<---	leadership support	.525
x16	<---	leadership support	.669
x15	<---	leadership support	.779
x14	<---	leadership support	.872
x13	<---	leadership support	.892

The model above has eliminated 4 indicators that did not meet the requirements because the loading factor was below the required one, namely 0.5 (x5, x10, x11, x12) so that 4 indicators were eliminated and 11 variables were said to be valid. After that, the model was continued to the next data processing analysis.

Hypothesis Testing

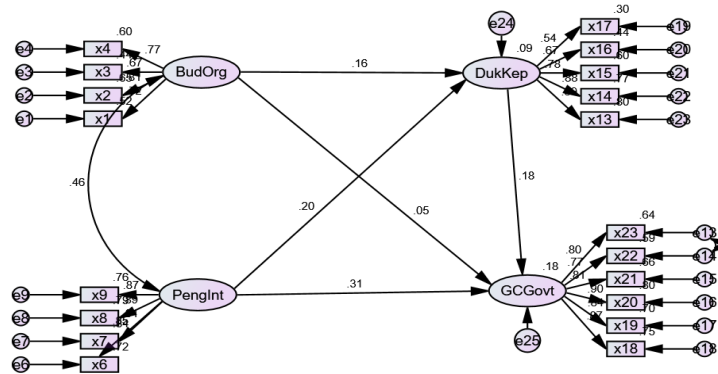


Figure 3. Structural Model

Hypotheses were tested through a structural model approach using two trackers, namely when the CR ratio and p-value. A hypothesis was said to be accepted if the CR is greater than 1.960 and the P-value must be less than 0.05. Complete information about this direct effect hypotheses testing in the model is shown below.

Table 2. Regression Weight

Dependent		Independent	Estimate	S.E.	C.R.	P	Beta
Lead.supp	<---	Int.Cul	.119	.037	3.240	.002	.198
Lead.supp	<---	Org.Cul	.118	.036	3.245	.010	.161
GCGovt	<---	Org.Cu;	.043	.094	.464	.642	.046
GCGovt	<---	Lead.supp	.239	.059	4.067	***	.184
GCGovt	<---	Lead.supp	.240	.060	4.069	***	.311

The table above is the result of testing the model with the direct influence hypothesis, which is described as follows.

H1: The Organizational Culture effect on Leadership Support

Testing the organizational culture effect on leadership support provides the CR value of 3.245 and $P = 0.010$. The values have met the requirements. Thus it reveals that the influence is significant. This result is in line with the research of (Maulina, Musadieg, & Nurtjahjono, 2016) which states that organizational culture influences leadership style.

H2: Internal Control effect on Leadership support

Testing the internal control effect on leadership support provides a CR value of 3.2450 and $P = 0.002$. The values obtained have met the requirements. Thus it indicates that the influence is significant. This means that if leadership support increases, the internal control will improve.

H3: Organizational Culture effect on GCG

Testing the organizational culture effect on GCG shows a CR value of 0.464 and $P = 0.642$. The values do not meet the requirements. Thus it reveals that the influence is not significant, so the organizational culture does not have a role to improve the GCG.

H4: Internal Control effect on GCG

Testing the Internal Control effect on GCG provides a CR value of 4,069 and $P = ****$. The values have met the requirements. Thus it explains that the influence is significant. This result is in line with (Ardhiyanto, 2017) research which states that internal control affects the implementation of GCG.

H5: Leadership Support Effect GCG

Testing the leadership support effect on GCG provides a CR value of 4,067 and $P = ****$. The two values obtained have met the requirements. Thus it reveals that the influence is significant. This result is in line with the research of (Pramono et al., 2021), which states that the domain and focus of leadership support is the interpersonal work context and whether employees view their leader as a motivating person, and encourage them to work independently; and also (Wiratno, Pratiwi, & Nurkhikmah, 2011) which states that leadership style has a positive and significant effect on the implementation of good governance.

After the direct effect model testing, there are 2 (two) mediation hypotheses that have been proven in this study, which are described as follows.

H6: organizational culture effect on GCG through leadership support

Testing the organizational culture effect on GCG through leadership support provides a Sobel p-value score of 0.010 and a Sobel t statistic of 2.548. . The values have met the requirements for the acceptance of H_a , namely the t statistic value > 1.96 and the p-value < 0.05 . Thus it reveals that the mediation influence is significant. The coefficient of the influence is 0.029 which is relatively small compared to the beta coefficient for the influence of other variables.

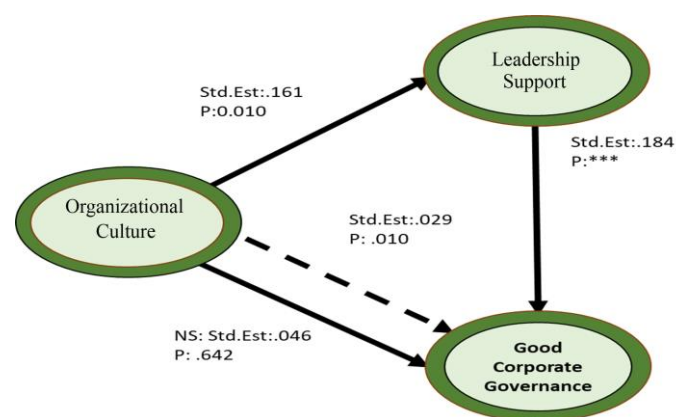


Figure 4. Organizational culture effect on GCG through leadership support

H7: Internal Control effect on GCG through leadership support

Testing the internal control effect on GCG through leadership support provides a Sobel p-value score of 0.011 and a Sobel t statistic of 2.518. The values have met the requirements for the

acceptance of H_a , namely the t statistic value > 1.96 and the p -value < 0.05 . Thus it shows the mediation effect is significant. The coefficient of the influence is 0.036.

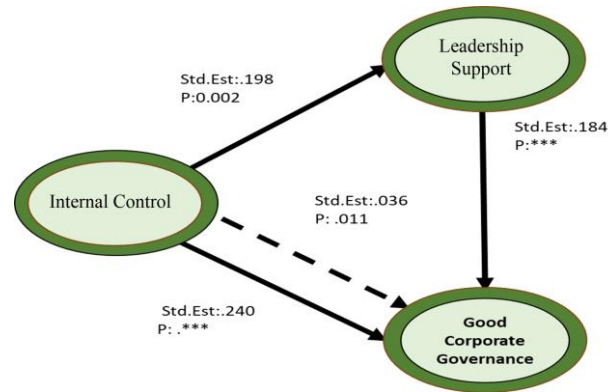


Figure 5. Internal Control Effect on GCG through leadership support

From the discussion, the significance that occurs in this direct test indicates that there is a match between the research model developed and the facts at BNI Syariah Banda Aceh, based on the results or findings presented in the previous section of this chapter. This means that the variables of organizational culture, internal control, leadership support (leadership) are indeed the determinant variables of this GCG. So that the management can use these three variables as tools or tools to improve GCG through leadership support, of course. The only variable that is proven not to contribute as expected is the organizational culture variable. Thus Organizational Culture will be made a second priority,

To support the improvement of GCG at Bank BNI Syariah, the strongest can be done through internal control variables because this variable has the largest magnitude number compared to the other two variables. One thing to note is because the mediation influence of leadership support functions as a Full mediating variable on the organizational culture effect on GCG, then leadership support is a top priority for intervention by the leadership to achieve optimal GCG at this BNI Syariah Banda Aceh. The reason is clear because as an independent variable it has the largest coefficient of influence compared to other variables, and as a mediating variable, it has made the organizational culture effect on GCG, which was previously insignificant, become significant.

5. Conclusion

The results show that organizational culture does not affect GCG, Internal control affects GCG, Organizational Culture affects Leadership Support, Internal control affects leadership support, Leadership support affects the GCG, organizational culture affects GCG through leadership support, and Internal Control affects GCG through leadership support. These findings show the mediation influence of leadership support functions as a full mediation variable on the organizational culture effect on GCG, and as partial mediation on the internal control effect on GCG. So this finding proves that the GCG strengthening model at BNI Syariah Banda Aceh is a function of improving organizational culture, strengthening internal control, and increasing leadership support. This tested model can be the basis for academics and researchers to develop their research in the future, by adding new variables such as leader-member exchange and institutional strengthening.

These findings can also be used as a basis for practitioners, especially the research subject (BNI Syariah Banda Aceh) to develop policies and strategies to achieve the strengthening of its GCG. The only variable that is proven not to contribute is the Organizational Culture variable. Thus, to increase in GCG of BNI Syariah Banda Aceh, the strongest support is through the internal control variable because this variable has the largest coefficient number compared to the other two variables. Because the leadership support functions as mediators both full or partial, then leadership support becomes the main priority to be improved by the leaders of BNI Syariah Banda Aceh to achieve optimal GCG of their GCG.

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